MINNESOTA
DEPARTMENT OF
COMMERCE

85 7th Place East, Suite 500
St. Paul, Minnesota 55101-2198
www.commerce.state.mn.us
651.296.4026 FAX 651.297.1959
An equal opportunity employer

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May 20, 2011

JAMES P P DIRR
ATLANTA BREAD COMPANY INTERNATIONAL INC
1200 WILSON WAY SUITE 100
SMYRNA, GA 30082

Re: F-5866
ATLANTA BREAD COMPANY INTERNATIONAL INC
ATLANTA BREAD COMPANY F/A

Dear Mr. Dirr:

The Annual Report has been reviewed and is in compliance with Minnesota Statute Chapter 80C and Minnesota Rules Chapter 2860.

This means that there continues to be an effective registration statement on file and that the franchisor may offer and sell the above-referenced franchise in Minnesota.

The franchisor is not required to escrow franchise fees, post a Franchise Surety Bond or defer receipt of franchise fees during this registration period.

As a reminder, the next annual report is due within 120 days after the franchisor's fiscal year end, which is December 31, 2011.

Sincerely,

MIKE ROTHMAN
Commissioner

By:

Daniel Sexton
Commerce Analyst Supervisor
Registration Division
(651) 296-4520

MR:DES:dlw

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Dept. of Commerce
APR 25 2011
Rec'd $ 100

14

UNIFORM FRANCHISE REGISTRATION APPLICATION

F-5827

File No. F-5827
(Insert file number of immediately preceding filing of Applicant)

State: Minnesota

Fee: $100

APPLICATION FOR (Check only one):

___ INITIAL REGISTRATION OF AN OFFER AND SALE OF FRANCHISES

___ RENEWAL APPLICATION OR ANNUAL REPORT

5-5-11
$ 100.00

_____ PRE-EFFECTIVE AMENDMENT

__X__ POST-EFFECTIVE MATERIAL AMENDMENT

1. Full legal name of Franchisor:

   Atlanta Bread Company International, Inc.

2. Name of the franchise offering:

   Atlanta Bread Company Bakery/Cafe

3. Franchisor's principal business address:

   1200 Wilson Way, Suite 100, Smyrna, Georgia 30082

4. Name and address of Franchisor's agent in this State authorized to receive service of process:

   Commissioner of Commerce
   133 East seventh Street
   St. Paul, MN 55101

5-20-11
A/2
12/31

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5. The states in which this application is or will be shortly on file:

Illinois, Indiana, Maryland, Michigan, Minnesota, New York, Rhode Island, Virginia, and Wisconsin.

6. Name, address, telephone and facsimile numbers, and e-mail address of person to whom communications regarding this application should be directed:

James P. P. Dirr
Vice President and Group General Counsel
Atlanta Bread Company International, Inc.
1200 Wilson Way
Suite 100
Smyrna, GA 30082
Direct Dial (770) 805-4899
Facsimile (770) 444-1991
E-mail: jdirr@atlantabread.com

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ATLANTA BREAD COMPANY INTERNATIONAL, INC.
CORPORATE ACKNOWLEDGMENT

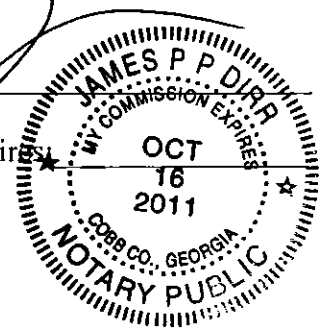
STATE OF GEORGIA)
) ss
COUNTY OF COBB)

On this 20 day of ~~January~~ April, 2011, before me, James P. P. Dirr, the undersigned officer, personally appeared, Adam Holzhauer known personally to me to be the Vice President of Finance of the above-named company, and that he, as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained, by signing the name of the company by himself as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Notary Public
My commission expires:

(NOTARIAL SEAL)



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MINNESOTA
DEPARTMENT OF
COMMERCE

85 7th Place East, Suite 500
St. Paul, Minnesota 55101-2198
www.commerce.state.mn.us
651.296.4026 FAX 651.297.1959
An equal opportunity employer

May 12, 2011

James P.P. Dirr
Atlanta Bread Company International Inc
1200 Wilson Way Suite 100
Smyma, GA 30082

Re: F-5866, Atlanta Bread Company International Inc

Dear Mr.Dirr:

The annual report (renewal) application for the above-referenced franchise registration has been examined. Please correct or otherwise address the following deficiencies:

Please submit the Uniform Franchise Registration Application (notarized), the Franchisor's Costs and Sources of Funds, the Uniform Consent to Service of Process (notarized), and Franchise Seller Disclosure forms in compliance with the 2008 NASAA Franchise Registration and Disclosure Guidelines.

Please submit the Franchise Registration Application prepared in accordance with the 2008 NASAA Franchise Registration and Disclosure Guidelines. The Certification Statement must be notarized.

Please submit the auditor's consent (or photocopy) to the use of the latest audited financial statements in the Franchise Disclosure Document.

Please respond to this letter within a reasonable time. Applications may be withdrawn or canceled if not diligently pursued.

Sincerely yours,

MIKE ROTHMAN
Commissioner

BY:

DANIEL E. SEXTON
Commerce Analyst Supervisor
Market Assurance Division
dan.sexton@state.mn.us
(651) 296-4520
GW/DES/dw

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May 18, 2011

atlanta BREAD.

Via UPS Overnight Delivery

Registration Division
Minnesota Department of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101
Attention: Mr. Daniel E. Sexton, Commerce Analyst Supervisor

Re: ***Atlanta Bread Company International, Inc. (Renewal)***
File No. f-5866
Response to Your Letter dated May 12, 2011 (the "Comment Letter)

Dear Mr. Sexton:

Pursuant to the requests contained in the Comment Letter, please find enclosed the following:

1. A substitute *Uniform Franchise Registration Application* (notarized);
2. A Form **B** *Franchisor's Cost*;
3. A Form C *Uniform Franchise Consent To Service Of Process* (notarized);
4. A Form D *Franchise Seller Disclosure Form*; and
5. A copy of the Auditors Consent for 2009-2010 financial statements

If have any questions regarding this application, please feel free to contact me.

Sincerely yours,

ATLANTA BREAD COMPANY INTERNATIONAL, INC.

James P. P. Dirr
Vice President and Group General Counsel

JPPD\
Enclosures

RECEIVED
MAY 20 2011
MAILROOM

1200 Wilson Way, SE • Suite 100
Smyrna, GA 30082
Tel 770.432.0999 • Fax 678.385.7999
atlantabread.com

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Form A – Uniform Franchise Registration Application
7/01/08

UNIFORM FRANCHISE REGISTRATION APPLICATION

File No. F-5527 (5566)
(Insert file number of immediately preceding filing of Applicant)

State: Minnesota Fee: $200

APPLICATION FOR (Check only one):

____ INITIAL REGISTRATION OF AN OFFER AND SALE OF FRANCHISES

____ RENEWAL APPLICATION OR ANNUAL REPORT

_____ PRE-EFFECTIVE AMENDMENT

__X__ POST-EFFECTIVE MATERIAL AMENDMENT

1. Full legal name of Franchisor: Atlanta Bread Company International, Inc.

2. Name of the franchise offering: Atlanta Bread

3. Franchisor's principal business address: 1200 Wilson Way, Suite 100, Smyrna, Georgia 30082.

4. Name and address of Franchisor's agent in this State authorized to receive service of process:

   Commissioner of Commerce
   133 East seventh Street
   St. Paul, MN 55101

5. The states in which this application is or will be shortly on file: Illinois, Indiana, Maryland, Michigan, Minnesota, New York, Rhode Island, Virginia, and Wisconsin.

6. Name, address, telephone and facsimile numbers, and e-mail address of person to whom communications regarding this application should be directed:

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James P. P. Dirr
Vice President and Group General Coumsel
Atlanta Bread Company International, Inc.
1200 Wilson Way
Suite 100
Smyrna, GA 30082
Direct Dial (770) 805-4899
Facsimile (770) 444-1991
E-mail: jdirr@atlantabread.com

Certificate

I certify under penalty of law that I have read and know the contents of this application, including the Franchise Disclosure Document with an issuance date of April 20, 2011 attached as an exhibit, and that all material facts stated in all those documents are accurate and those documents do not contain any material omissions. I further certify that I am duly authorized to make this certification on behalf of the Franchisor and that I do so upon my personal knowledge.

Signed at Smyrna, Georgia , May 18, 2010.

Franchisor:

Atlanta Bread Company International, Inc.

By: _____
Adam Holzhauer
Vice President of Finance

STATE OF GEORGIA)
) ss.
COUNTY OF COBB)

Personally appeared before me this 18 day of May, 2011, the above-named Adam Holzhauer to me known to be the person who executed the foregoing application as Vice President of Finance of the above-named applicant and being first duly sworn, stated upon oath that said application, and all exhibits submitted herewith, are true and correct.

(NOTARIAL SEAL)

_____
Notary Public, State and County aforesaid
Commission No.
Commission Expires:

JAMES P P DIRR NOTARY PUBLIC COBB CO. GEORGIA COMMISSION EXPIRES OCT 16 2011

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FRANCHISOR'S COSTS AND SOURCE OF FUNDS

1. Disclose the Franchisor's total costs for performing its pre-opening obligations to provide goods or services in connection with establishing each franchised business, including real estate, improvements, equipment, inventory, training and other items state in the offering:

   The Franchisor's total cost for performing its pre-opening obligations including real estate, improvements, equipment, inventory, training and other items state in the offering in connection with establishing each franchise is approximately $40,000.

2. State separately the sources of all required funds:

   The Franchisor maintains a reserve fund in its corporate accounts in order to satisfy its pre-opening obligations.

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UNIFORM FRANCHISE CONSENT TO SERVICE OF PROCESS

Atlanta Bread Company International, Inc., a corporation organized under the laws of the State of Georgia (the "Franchisor"), irrevocably appoints officers of the States designated below and their successors in those offices, its attorney in those States for service of notice, process or pleading in an action or proceeding against it arising out of or in connection with the sale of franchises, or a violation of the franchise laws of that State, and consents that an action or proceeding against it may be commenced in a court of competent jurisdiction and proper venue within that State by service of process upon this officer with the same effect as if the undersigned was organized or created under the laws of that State and had lawfully been served with process in that State. We have checked below each state in which this application is or will be shortly on file, and provided a duplicate original bearing an original signature to each state.

_____ California: Commissioner of Corporations

_____ Hawaii: Commissioner of Securities

_____ Illinois: Attomey General

_____ Indiana: Secretary of State

_____ Maryland: Securities Commissioner

___X___ Minnesota: Commissioner of Commerce

_____ New York: Secretary of State

_____ North Dakota Securities Commissioner

_____ Rhode Island: Director, Department of Business Regulation

_____ South Dakota: Director of the Divisions of Securities

_____ Virginia: Clerk, Virginia State Corporation Commission

_____ Washington: Director of Financial Institutions

_____ Wisconsin: Administrator, Division of Securities, Department of Financial Institutions

Please mail or send a copy of any notice, process or pleading served under this consent to:

Atlanta Bread Company International, Inc.
1200 Wilson Way
Suite 100
Smyrna, Georgia 30082
Attention: General Counsel

Dated: May 18, 2011.

Franchisor:

Atlanta Bread Company International, Inc.

By: _____

Adam Holzhauer
Vice President of Finance

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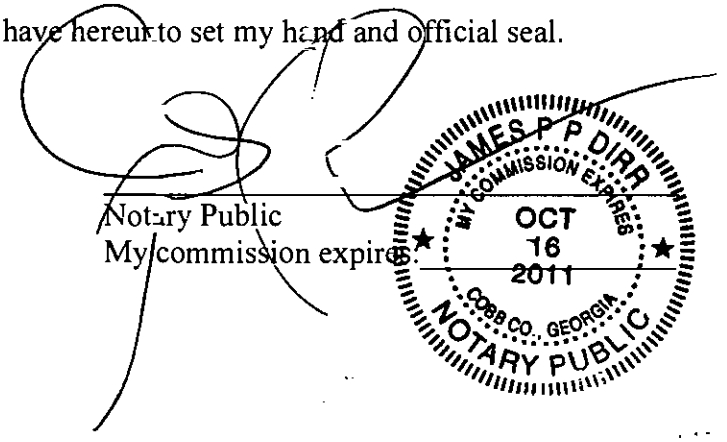
STATE OF GEORGIA)
) ss
COUNTY OF COBB)

On this 18th day of May, 2011, before me, James P. P. Dirr, the undersigned officer, personally appeared, Adam Holzhauer, known personally to me to be the Vice President of Finance of the above-named company, and that he, as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained, by signing the name of the company by himself as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.



Notary Public

(NOTARIAL SEAL) My commission expires:

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SMITH & HOWARD

Certified Public Accountants and Advisers

April 26, 2011

Atlanta Bread Company International, Inc.
1200 Wilson Way
Suite 100
Smyrna, Georgia 30082

We agree to the inclusion in the Franchise Disclosure Document of Atlanta Bread Company International, Inc. to be filed with the Franchise Registration states of California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin, our audit of the consolidated financial statements of Atlanta Bread Company International, Inc. and subsidiary for the years ended December 31, 2010 and 2009.

Sincerely,

Smith & Howard

Smith & Howard

Suite 900, 121 17th Street, N.W., Atlanta, GA 30363
Tel 404.874.6244 Fax 404.874.1634 www.smith-howard.com

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April 22, 2011

Via UPS Overnight Delivery

Registration Division
Minnesota Department of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101
Attention: Mr. Daniel E. Sexton, Commerce Analyst Supervisor

Re: Atlanta Bread Company International, Inc. (Amendment)

Dear Mr. Sexton:

I am submitting this renewal of registration, which is not complete, pending the issuance of the 2010 Y/E Audited Financials. Upon receipt of the issued 2010 Y/E Audited Financials (which are anticipated in the next ten (10) days), I will forward a revised electronic submission. In the interim for your review, pPlease find enclosed the following on behalf of Atlanta Bread Company International, Inc.:

1. *Uniform Franchise Registration Application*;
2. One clean copy of the partial *Franchise Disclosure Document*.
3. Redline of the Franchise Disclosure Document and
4. Check for the amount of S100.

If have any questions regarding this application, please feel free to contact me.

Sincerely yours,

ATLANTA BREAD COMPANY INTERNATIONAL, INC.

James P. P. Tirr
Vice Presidei t and Group General Counsel

IPPD\
Enclosures

1200 Wilson Way, SE • Suite 100
Smyrna, GA 30082
T 770.432.0933 • F 678.385.7939 atlantabread.com

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Certificate

I certify under penalty of law that I have read and know the contents of this application, including the Franchise Disclosure Document with an issuance date of April 20, 2011 attached as an exhibit, and that all material facts stated in all those documents are accurate and those documents do not contain any material omissions. I further certify that I am duly authorized to make this certification on behalf of the Franchisor and that I do so upon my personal knowledge.

Signed at Smyrna, Georgia , April 20, 2011.

Franchisor:

Atlanta Bread Company International, Inc.

By: _____
Adam Holzhauer
Vice President of Finance

STATE OF GEORGIA)
) ss.
COUNTY OF COBB)

Personally appeared before me this 20 day of April, 2011, the above-named Adam Holzhauer to me known to be the person who executed the foregoing application as Vice President of Finance of the above-named applicant and being first duly sworn, stated upon oath that said application, and all exhibits submitted herewith, are true and correct.

(NOTARIAL SEAL)

_____
Notary Public State and County aforesaid
Commission No.:
Commission Expires:

JAMES P P DIRA
NOTARY PUBLIC
COBB CO., GEORGIA
MY COMMISSION EXPIRES
OCT 16 2011

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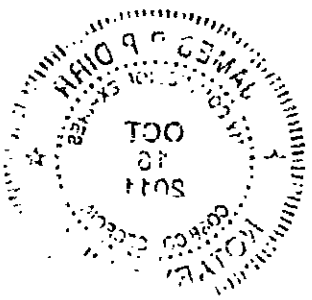

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Sexton, Dan (COMM)

From: Jim Dirr [jdlrr@atlantabread.com]
Sent: Tuesday, April 26, 2011 12:11 PM
To: Sexton, Dan (COMM)
Subject: RE: F-5899 Atlanta Bread Company International, Inc.

Dan:

This is to confirm our conversation of today that the submission by Atlanta Bread Company International, Inc. ("ABCI") is a renewal, not amendment submission. This also confirms ABCI owes your office, in addition to finalized audited financials for 2010, an additional $100 fee.

Thank you for your assistance in this matter.

James P. P. Dirr
Vice President and Group General Counsel
Atlanta Bread Company International, Inc.
1200 Wilson Way
Suite 100
Smyrna, GA 30082
Direct Dial (770) 805-4899
E-mail: jdirr@atlantabread.com

This message is sent by the Legal Department of Atlanta Bread Company International, Inc. to, and intended only for use of, the individual or entity to which it is addressed and may contain information that is proprietary, privileged, confidential, or otherwise exempt from disclosure under applicable law. If you are not the intended recipient of this communication, or the employee or agent responsible for delivering this message to the intended recipient, you are NOT authorized to read, print, retain, copy or otherwise disseminate this communication and are advised that any such dissemination, distribution or copy of this communication, or acting on the information contained herein, may be a violation of applicable law and is strictly prohibited. If you have received this communication in error, please notify the sender immediately by remrn e-mail and delete all copies of this communication.

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May 4, 2011

atlanta BREAD.

RECEIVED
MAY 5 2011
MAILROOM

Via UPS Overnight Delivery

Daniel E. Sexton
State Program Administrative Director, Securities
Insurance Product Filing & Securities Registration
Market Assurance Division
Minnesota Department of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101-2198

Dept. of Commerce of Minnesota
MAY 05 2011
Rec'd $100

Re: ***Atlanta Bread Company International, Inc. (Renewal – Supplement Submission)***

Dear Mr. Sexton:

As you may recall in my letter dated April 22, 2011 and our telephone conversation, the Y/E Audited Financials of Atlanta Bread Company International, Inc. had not been issued (nor the first quarter unaudited financials). The Y/E Audited Financials of Atlanta Bread Company International, Inc. have now been issued. Enclosed please find a final issued clean *Franchise Disclosure Document* for Atlanta Bread Company International, Inc. Please note that, with the exception of the inclusion of the required financials, there are NO additional revisions to this document. Please note that, with the exception of the inclusion of the required financials, there are NO additional revisions to this documents; therefore, I have not included a redline version. Also, enclosed is a check for the amount of $100 for the balance of the renewal fee.

If have any questions regarding this application, please feel free to contact me.

Sincerely yours,

ATLANTA BREAD COMPANY INTERNATIONAL, INC.

James P. P. Dirr
Vice President and Group General Counsel

JPPD\
Enclosures

1200 Wilson Way. SE • Suite 100
Smyrna, GA 30082
TEL 770.432.0933 • FAX 678.385.7939
atlantabread.com

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FRANCHISE DISCLOSURE DOCUMENT

ATLANTA BREAD COMPANY INTERNATIONAL, INC.
1200 WILSON WAY, SUITE 100
SMYRNA, GA 30082
(770) 432-0933
www.atlantabread.com

The franchise described in this **D**isclosure **D**ocument is for the establishment and operation of a bakery/cafe restaurant that specializes in providing the public with high quality bakery goods, specialty breads, rolls, coffee, deli-café sandwiches, soups and other menu items made under certain proprietary specifications and quality ingredients.

We are currently in the process of developing and implementing a remodel and rebranding program. As part of the remodel and rebranding program, we have adopted a new stylized logo and all future Atlanta Bread Company bakery/cafés will be required to use this new stylized logo (shown above). Also, we may, in the near future, change our tradename and trademarks with applicable modification of the new styled logo, and all existing and fumre Atlanta Bread Company bakery/cafés will be required to change their signage, and other logo indicia, to reflect the new tradename and trademarks. At this time, no final decision has been made as to any change or the timing of any such change.

The total investment necessary to begin operation of a single new Atlanta Bread Company bakery/café franchise ranges from $659,700 to $1,027,300. This includes $30,000 to $40,000 that must be paid to the franchisor or affiliates.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. **R**ead this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least fourteen (14) calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **N**ote, however, that no governmental agency verified the information contained in this document.

The terms of your contract will govern your franchise relationship. Don't rely on this disclosure document alone to understand your contract. **R**ead all of your contract carefully. **S**how your contract and this disclosure to an advisor, like a lawyer or an accountant.

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Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as *"A Consumer's Guide to Buying a Franchise,"* which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: April 20, 2011

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STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit G for information about the franchisor, or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US ONLY IN GEORGIA. OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO SUE IN GEORGIA THAN IN YOUR HOME STATE.*

2. THE FRANCHISE AGREEMENT STATES THAT GEORGIA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.*

3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

* State laws may supersede certain provisions of the Franchise Agreement. You may want to investigate whether you are protected by state law. You should review any addenda or riders attached to this Disclosure Document for disclosures regarding state franchise laws.

Information comparing franchisors is available. Call the state administrators listed in Exhibit G to this Disclosure Document or your public library for sources of information.

Registration of this franchise with a state does not mean that the state recommends it or has verified the information in this Disclosure Document. If you learn that anything in this Disclosure Document is untrue, contact the Federal Trade Commission and/or the state administrator for your state listed on Exhibit G to this Disclosure Document.

(*See* the attached State Registrations page for State Effective Dates)

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STATE REGISTRATIONS

The effective dates of registration of this Disclosure Document or exemption in the states listed below are:

STATE	EFFECTIVE DATE
Illinois	November 19, 2010
Indiana	December 4, 2009
Michigan	December 3, 2010
Minnesota	February 29, 2008, as amended October 14, 2008, as amended June 1, 2009, as amended July 14, 2009 as amended December 4, 2009 as amended June 14, 2010, as amended November 23, 2010
New York	September 23, 2008, as amended October 30 2008, as amended, August 5, 2009, as amended Dece29, 2009 and as amended July 8, 2010
Rhode Island	July 16, 2010
Wisconsin	December 2, 2009, as amended June 2, 2010, as amended November 5, 2010

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STATE OF MICHIGAN
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The state of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act [the Michigan Franchise Investment Law]. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration, of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection only applies if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state [Michigan]. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state [Michigan].

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

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(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

Any questions regarding this notice should be directed to the Michigan Department of Attorney General, Consumer Protection Division, Antitrust and Franchise Unit, 670 Law Building, Lansing, Michigan 48913, (517) 373-7117.

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EXHIBITS

Exhibit A	Financial Statements
Exhibh B	Franchise Agreement
Exhibit C	Multi-Unit Development Agreement
Exhibit D	Operations Manual Table of Contents
Exhibit E	Franchisee and Bakery/Cafe List
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Exhibit H	State Addenda to the Disclosure Document
Exhibit I	Franchise Drive 2011 Amendment

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Item 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

THE FRANCHISOR AND ITS PREDECESSORS

The franchisor is Atlanta Bread Company International, Inc. To simplify the language in this Disclosure Document, "Atlanta Bread Company," "ABCI," "we," "us" or "our" means Atlanta Bread Company International, Inc. "You" or "your" means the person or entity that buys the franchise, and includes your partners if you are a partnership, your members if you are a limited liability company, or your shareholders if you are a corporation.

We are a Georgia corporation that was incorporated on December 28, 1995. Our principal business address is 1200 Wilson Way, Suite 100, Smyrna, GA 30082. We currently conduct business under our corporate name, Atlanta Bread Company International, Inc. Our agents for service of process are listed in Exhibit F.

Our predecessor is Atlanta Bread Company, a now inactive Georgia corporation. Our predecessor's principal business address was located at ABCI's current business address; however, before October of 1999, its principal business address was located at 115 Davis Circle #B, Marietta, GA 30008, from October of 1999 to November of 2004 its principal business address was located at 1200 Wilson Way, Suite 100, Smyrna, GA 30082 and from November of 2004 until September 2009 its principal business address was located at 1955 Lake Park Drive, Suite 400, Smyrna, Georgia 30080.

OUR PARENTS AND AFFILIATES

We are a wholly-owned subsidiary of Springtime House, Inc., a Georgia corporation, the address of which is 1200 Wilson Way, Suite 100, Smyrna, GA 30082. Springtime House, Inc. is a wholly-owned subsidiary of Summertime House, Ltd., a Cypriot corporation, the address of which is 6 Themistoclis Dervis Street, 4th Floor, Office D, P.O. Box 4185, Nicosia, 1702 Cyprus.

We do not operate businesses of the type being offered in this Disclosure Document. However, our affiliate, Europan, Inc., which is also a wholly-owned subsidiary of Springtime House, Inc., owns and operates company-owned bakery/cafes of the same type being offered by this Disclosure Document. The principal business address of Europan, Inc. is 1200 Wilson Way, Suite 100, Smyrna, GA 30082.

Our affiliate, Bake One, Inc. ("Bake One"), the principal business address of which is 1200 A Wilson Way, Suite 100, Smyrna, Georgia 30082, plays an integral role in the ABCI system. Operating out of a 106,000 square foot facility in Smyrna, Georgia, Bake One maintains all of the equipment and machinery necessary to convert flour and other baking ingredients into ready-to-bake dough for all our bakery and pastry items, which are then sold to company-owned and franchised bakery/cafes through Reinhart FoodService, L.L.C. ("Reinhart FoodService"), a distribution company that is not an affiliate of ours. By performing all of the "scratch baking" at

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Bake One, our franchisees avoid the cost of equipment and machinery necessary to prepare the dough, and also avoid leasing a larger space in order to accommodate the equipment and machinery. Reinhart FoodService or its predecessor has been the exclusive distributor of products produced by Bake One for our franchisees since July 15, 2007.

THE FRANCHISE WE OFFER

This Disclosure Document contains information we are required to disclose to you about a franchised bakery/cafe. If you qualify, you receive a complete business system for owning and operating a bakery/cafe, which includes a license to use certain service marks, services and support which we provide to you, such as training, continuing advice and assistance concerning the operation of the bakery/cafe, merchandising, and advertising as described in this Disclosure Document. We may offer real estate assistance by reviewing and inspecting quality sites for your bakery/cafe. An additional service and benefit to you is our ability to develop and lease stores.

The franchise we offer you is the right and license to operate a single ATLANTA BREAD COMPANY (ABC) bakery/cafe at a specific physical location, using our marks and system, for an initial term of 10 years, subject to one 10-year renewal at our discretion. We may also offer you a Multi-Unit Development Agreement to open multiple units in a specific city or region within a specified time limit. All ABC bakery/cafes are standardized visually, although each bakery/cafe is tailored to meet the needs and preferences which may be unique to the particular location in either storefront, freestanding or regional shopping mall locations. All ABC bakery/cafes retain a standard image, system color scheme, and interior design and layout, which include architectural moldings, flooring treatments, uniform cabinetry, canopies, awnings, signs and displays as per our prototype drawings and specifications. A typical bakery/cafe location includes a food preparation bay, a seating capacity of 70 to 150 patrons, a convection oven, and a bakery counter and display case. The standardized decor features glass display cases for bakery goods and other items, coffee urns, tea and beverage dispensers, condiment stations, backlit menu boards built into cabinetry, recessed lighting, ceiling fans, various wall hangings depicting bread, wall murals, frescoes, fireplaces, and pine and oak furniture. Your bakery/cafe is designed to serve a large number of customers, and will typically be located in urban and heavily populated suburban areas, preferably in close proximity to office areas and high volume shopping and trade centers.

Each ABC bakery/cafe offers a uniform menu of delicatessen and bakery items. Sandwiches, soups, salads, and combinations of the same are sold in the deli section. Bakery breads, muffins, croissants, Danish and bagels are sold in the bakery section. Gourmet coffee and beverages are sold in both sections. Additionally, each bakery/cafe is required to operate a catering sales service.

You may choose to develop and own or lease the real estate or property where your bakery/cafe is located, subject to our site acceptance, or in some instances we may assist you by transferring to you an already-developed existing site and leasing it to you or assigning an existing lease to you. You have 12 months from the signing of your Franchise Agreement to select a site for your bakery/cafe. If we assign an existing lease to you, your landlord will expressly waive any responsibility on our part for your lease obligations should you fail to meet the terms of your lease agreement, or should you default in your Franchise Agreement with us. In either case, we will

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retain the right to enter and retake the premises of your bakery/cafe.

We are currently in the process of developing and implementing a remodel and rebranding program. As part of this program, ABCI has adopted a new stylized logo and all future Atlanta Bread bakery/cafes will be required to use this new stylized logo (shown on the cover page). In addition, we may, in the near future, change our tradename and trademarks to and all existing and future Atlanta Bread bakery/cafes will be required to change their signage, and other logo indicia to reflect the new trademark.

COMPETITION

The market for restaurant food service is well established. The restaurant business is highly competitive in the areas of price, service, location, food quality and the products you will offer. The success of your franchised business will also be affected by changes in consumer taste, economic conditions, population and travel patterns. You will sell the bakery/cafe services and products primarily to the shopping and working public. You will compete primarily with other deli/bakery, bagel, and sandwich and sub-style restaurants as well as coffee shops and other catering services, including regional and national chains and franchise systems. The specific make-up of customers will vary from location to location.

INDUSTRY-SPECIFIC REGULATIONS

In the operation of an ABC bakery/cafe, you may be required to comply with state and federal laws, rules, regulations and ordinances which may apply to the operation of your bakery/cafe, including those which (a) establish standards, specifications and requirements for the construction, design and maintenance of the interior and/or exterior of the bakery/cafe premises; (b) regulate matters conceming the heahh, safety and welfare of your customers, such as general health and sanitation requirements for restaurants, employee practices conceming the storage, handling, cooking and preparation of food, restrictions on smoking, and availability of and requirements for public accommodations (such as restrooms); (c) regulate matters pertaining to employee health and safety (such as teen labor laws); (d) set standards and requirements for fire safety and general emergency preparedness; (e) govem the use of vending machines; (f) control the sale of alcoholic beverages; and (g) regulate the proper use, storage and disposal of waste, insecticides, cleaning supplies and agents and other hazardous materials. You should investigate whether there are regulations or requirements that apply in the geographic area in which you are interested in locating your franchise and should consider both their effect and the cost of compliance.

OUR BUSINESS EXPERIENCE AND BUSINESS EXPERIENCE OF OUR PREDECESSORS AND AFFILIATES

In September 1993, Rick and Robert Auffenberg incorporated our predecessor Atlanta Bread Company. From 1993 to 1995, Rick and Robert Auffenberg operated the first two Atlanta Bread Company bakery/cafes. From 1994 to 1996, Atlanta Bread Company engaged in a joint venture with Europan, Inc. for the operation of Atlanta Bread Company bakery/cafes. In 1995, the Auffenbergs sold one of their bakery/cafes to Peter Antoniades and the other to Dino Bylos, each of whom entered into licensing agreements with the joint venture to use the name Atlanta Bread Company. The joint venture agreement terminated in 1996, at which time our affiliate Europan,

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Inc. acquired all of the assets of Atlanta Bread Company and all of the interests in ABCI and any of its affiliates.

Atlanta Bread Company Commissary, Inc. ("ABCC"), a former Georgia corporation formed in 1995 and owned 100% by our indirect parent Summertime House Ltd. until its merger into our affiliate Bake One, Inc. described below, supplied bakery items to company-owned and franchised bakery/cafes either daily or every other day and delivered these items either fresh or fresh frozen. Our affiliate, Bake One, Inc., was formed in March, 2000 to supply large retail outlets with non-competitive private label products. In December, 2001, ABCC was merged into Bake One, with Bake One as the surviving company. Since then, Bake One has performed all of the separate functions of the former ABCC and Bake One.

We have been awarding franchises for the same type of business offered by this Disclosure Document since our incorporation on December 28, 1995. We do not operate businesses of the type being offered in this Disclosure Document. Our affiliate Europan, Inc. has owned and operated company-owned bakery/cafes of the same type offered by this Disclosure Document since 1994. Europan, Inc. has never offered franchises of the type being offered in this Disclosure Document.

In November, 2004, we began franchising Atlanta Bread Café Express ("ABCE") restaurants, but as of June, 2008, we have ceased offering franchises for ABCE restaurants. These units were smaller versions of our traditional bakery/cafes with a smaller footprint and a limited menu of the products found in our traditional bakery/cafes. Neither we nor any of our affiliates have owned or operated any ABCE restaurants.

We, our predecessors and affiliates have never offered franchises in other lines of business, but reserve the right to do so.

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Item 2

BUSINESS EXPERIENCE

The following is a list of our directors, principal officers, and any other individuals who will have management responsibility relating to the sale or operation of franchises offered by this Disclosure Document:

Director, President and Chief Executive Officer: Jerry Couvaras

Jerry Couvaras has served as our Director, President and Chief Executive Officer since our inception in 1995. From 1993 to 1995, he operated, as an agent and employee of Europan, Inc., a non-franchised Atlanta Bread Company Bakery/Cafe and helped develop our franchise concept.

Director, Vice President and Chief Operating Officer: Basil Couvaras

Basil Couvaras has served as our Director, Vice President and Chief Operating Officer since our inception in 1995. From 1993 to 1995, he operated a non-franchised Atlanta Bread Company bakery/cafe, and helped develop our franchise concept.

Vice President of Operations : Blaine Armstrong

Mr. Armstrong joined us in June, 2000 as Sr. Manager of Training and served in that capacity until 2001. In 2001 he became our Area Director of corporate Bakery/Cafes and served in that capacity until 2002. In 2002 he became our Director of Training and served in that capacity until 2007. He also split rolls in 2005 and was the Midwest Business Consultant. From October, 2007 to May 2010, he was Senior Director of Operations. In May 2010, he was promoted to Vice of Operations.

Vice President and Group General Counsel: James Dirr

Mr. Dirr has served as our Vice President and Group General Counsel since May, 2006. Prior to that, he was the Vice President and Chief Counsel for National Association Management Group, LLC, in Kennesaw, GA from 2005 until 2006. He had previously been the Vice President, Legal Counsel and Secretary to Parking Holding, Inc. in Atlanta, GA from 2001 until 2003 and was Vice President and General Counsel to Hooters of America, Inc. in Atlanta, GA from 1993 to 2001. During 2004, he was an independent contractor to various entifies. He provided contract services in 2002 to Focus Brands, Inc.'s Cinnabon Intemational, Inc. and Carvel Corporation consumer concepts.

Vice President Marketing: Chris Campagna

Mr. Campagna has served as our Vice President Marketing since May, 2004. He was Accounts Supervisor for West Wayne Advertising in Atlanta, GA from 2003 to 2004. From 2002 to 2003 Mr. Campagna was the Director of Marketing for Don Pablo's in Madison, GA, and from 1995 to 2002 he served as the VP of Marketing for Papa John's-America (Papa John's largest

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franchisee) in Birmingham, AL.

Vice President of Finance — Adam Holzhauer

Mr. Holzhauer joined us in October, 2007 as Group Controller and served in that capacity until May 2010. In May 2010 he became our Vice President of Finance. From July, 2007 to October, 2007 he was Distribution Center Controller of Institutional Jobbers Company. From March, 2007 to July, 2007 he was Controller of 4 Seasons Distribution, Inc. From July, 2007 to October, 2007 he was Distribution Center Controller of Institutional Jobbers Company. From April 2000 to March, 2007 he was Assistant Controller of The Paradies Shops.

Director of Training: — Cristina Lamos

Ms. Lamos joined us in June, 2002 as a Manager of Operations Training and served in that capacity until October, 2007, when she was promoted to Director of Training.

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Item 3

LITIGATION

CURENT LITIGATION

None

FRANCHISE LITIGATION INITIATED BY US IN 2010

ROYALTY COLLECTION LAWSUITS

None

PAST LITIGATION

The State (of South Africa) vs. Jerry Couvaras, Basil Couvaras, et. al. (In the Regional Court for the Division of Gauteug, held in Johannesburg, South Africa). This proceeding was personal to the individuals named and does not involve, or relate to, Atlanta Bread Company International, Inc. (ABCI) or any of its corporate affiliates. In a matter partially related to the facts underlying in the Bateleur Finance litigation, the State (of South Africa) filed charges that were first served on Jerry Couvaras in March, 2004 relating to activities over 10 years previous in South Africa from 1987 to 1993 of Armstrong Currie Trust (Pty) Ltd. ("ACT"), and its corporate affiliates and Secure Financial Trust (Pty) ("SFT"). The revised Charge Sheet alleged that during various periods from March 1989 through approximately October 1992 either or both SFT and ACT accepted deposits against the debentures of ACT and SFT and proceeded to lend capital to debtors in violation of the Banks Act, which was later repealed and superseded by the Deposit Taking Institutions Act ("DTI Act"). On October 8, 2004, Jerry Couvaras and Basil Couvaras reached a settlement with the State of South Africa and entered into a Plea Agreement that acknowledged that the named individuals had: (a) obtained and relied upon a legal opinion from their local south African lawyers regarding the propriety of the raising and lending of funds by SFT and ACT; (b) committed the offense during 1989 to 1992 without intent; and (c) reached a separate personal agreement with the liquidators of ACT and South African asset forfeiture unit. In the Plea Agreement, the named individuals, nevertheless, pled guilty to one count of negligently violating Section 7(1) of the Banks act and Section 11(1) of the DTI act and personally paid a fine of US$190,000.00 and US$120,000.00, respectively, in lieu of any confinement. This matter has now been concluded with no direct effect on ABCI.

William G. Janacek; Rock Wing Fnterprises, L.L.C.; and Daily Bread Partners, Limited v. Atlanta Bread Company International, Inc. (United States District Court for the Southern District of Texas, Houston Division, Civil Action No. 01-0942), filed March 16, 2001. The Plaintiff, an Atlanta Bread Company multi-store Franchisee, filed suit alleging that at his first Store he was misled as to the costs he would incur for the construction of his Store, the viability of the site selected, was fraudulently led to believe that Atlanta Bread Company was a stable company, that Atlanta Bread Company would help him with financing, would provide appropriate and effective marketing and that his Store would be profitable, among other thing. Plaintiff sought recovery of alleged losses of $1,267,747.00 plus exemplary damages in an unspecified amount and attorney

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fees. In November of 2002, the matter was settled between the parties with the filing of a mutual dismissal with prejudice and each party paying its own costs and expenses.

Atlanta Bread Company International, Inc. v. Nine Star Enterprises, Inc. (United States District Court for the Northem District of Georgia, Civil Action No. 1-02-CV-2363), filed August 26, 2002. Plaintiff had terminated Defendants Franchise and License Agreement when it was discovered that Defendant had duplicated Plaintiff s Operating System at a site in another town near Defendants Atlanta Bread Company bakery café and was supplying Atlanta Bread Company product to the unauthorized location. Defendant continued to operate the restaurant after termination. At a hearing on August 30, 2002, the Court granted Plaintiff a Temporary Restraining Order requiring Defendant to de-identify his restaurant and remove all trademark, trade dress and logos identifying the site as an Atlanta Bread Company bakery café. On December 15, 2003, the Court issued its Final Order granting Atlanta Bread Company $211,662 in trebled damages and $14,296.45 in costs against defendant Nine Star. The bakery café has since been re-franchised.

Atlanta Bread Company International, Inc. v. Custom Bakers, Inc. (United States District Court for the Northem District of Georgia, Civil Action No. 1-03-CV-1834), filed July 1, 2003. Plaintiff had terminated Defendant's Franchise and License Agreement when it was discovered that Defendant had duplicated Plaintiff s Operating system at a site in downtown Orlando near Defendant's Atlanta Bread Company bakery café and was supplying Atlanta Bread Company products to the unauthorized location. Defendant continued to operate the bakery café after termination. On March 30, 2004 the Court granted Plaintiff s Motion for Temporary Restraining Order. Plaintiff assumed operating responsibility of the bakery café while a new franchisee is sought. On December 17, 2004, the parties reached a settlement agreement whereby Plaintiff continues the operation of the bakery café while attempting to re-franchise the location. The litigation between the parties has been dismissed as a part of the settlement agreement.

In the Matter of Atlanta Bread Company Intemational, Inc., and Jerry Couvaras (New York State Department of Law Investor Protection Bureau, File No. F07-0355). In May, 2008, the New York State Department of Law initiated an inquiry into certain of our franchise selling practices in the State of New York. Specifically, the Department of Law alleged that we sold one franchise, resulting in the execution of a franchise agreement on November 1, 2006 and the payment of a $40,000 franchise fee, without having a duly registered offering prospectus accepted by the Department at the time of the sale. On June 2, 2008, we entered into an Assurance of Discontinuance Pursuant to Executive Law s. 63(15). We agreed, without admitting or denying the Attorney General's findings, to forthwith comply with the provisions of, and not engage in acts in violation of, the New York State Franchise Act and not to offer or sell franchises within or from the State of New York without a current registration. We also agreed to offer rescission to each franchisee that purchased a franchise within or from the State of New York while we were not registered with the Department. On June 11, 2008, we offered rescission to the franchisee that had purchased a franchise in White Plains, New York on November 1, 2006. We also agreed to pay the Department the sum of $2,500 pursuant to the Assurance of Discontinuance. The White Plains, New York franchisee that was offered rescission did not choose to rescind the franchise.

Atlanta Bread Company Intemational, Inc. and Autumn Time, LLC v. Bryant Investment Properties, LLC, and Eugene Bryant (United States District Court for the Northern District of Georgia, Atlanta Division, Civil Action File No. 1:08-CV-2091). On August 8, 2008, Plaintiffs

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ABCI and Aummn Time file this lawsuit against Defendants, a former ABCI franchisee. On or about Februaiy 15, 2008, ABCI terminated Defendants' Franchise and License Agreement for failure to pay royalty fees and advertising fees. After the termination, Defendants continued to operate a bakery/cafe, using ABCI's trademarks, trade dress and proprietary operating system, at the site of the terminated ABCI bakery/cafe. The complaint contains claims against Defendants for, among others: (1) breach of contract for Defendants' unauthorized use of ABCI trademarks, trade dress and system and failure to pay fees and report gross sales, (2) federal and common law trademark infringement, (3) misappropriation of trade secrets, (4) unjust enrichment, and (4) violation of the Georgia Uniform Deceptive Trade Practices Act for engaging in acts that cause actual confusion or likelihood of confusion as to the source of Defendants' products and its affiliation with ABCI. ABCI and Autumn Time are seeking compensatory and punitive damages, preliminary and permanent injunctions against Defendants, an accounting of Defendants' revenues, and attorneys' fees and costs. ABCI and Autumn Time also obtained a preliminary injunction enjoining Defendants' confinuing unauthorized use of ABCI's trademarks, trade dress and proprietary operating system during the duration of the lawsuit. On August 8, 2008, Defendants filed their response to the complaint along with counterclaims against ABCI and Autumn Time for fraud, breach of duty of good faith and fair dealing, negligent misrepresentation and unjust enrichment. Defendants are alleging that ABCI failed to adequately disclose re-branding plans before entering into a franchise agreement with Defendants. On or about August 4, 2009, the Court issued its Final Order granting Judgment in favor of ABCI against the Defendants for $445,205.35.

Sean Lupton-Smith, Southlake Bread Company, LLC, Aimort Bread Company, L.L.C., Concourse C Bread Company, LLC, Forsyth Bread Company, LLC and Knoxville Bread Company v. Atlanta Bread Company Intemational, Inc. (Superior Court of Cobb County, State of Georgia, Civil Action No. 06-1-1404-05), filed Febmary 20, 2006 ("Lupton-Smith I") and Sean Lupton-Smith, Southlake Bread Company, LLC, Airport Bread Company, L.L.C., Concourse C Bread Company, LLC, Forsyth Bread Company, LLC, and Knoxville Bread Company v. Jerry Couvaras, Basil Couvaras, Atlanta Bread Company Intemational, Inc., Springtime House, Inc., Europan, Inc. and Summertime House, Ltd. (Cobb County Superior Court, Civil Action File No. 06-1-1031805), filed December 20, 2006 ("Lupton-Smith II").

Lupton-Smith I and Lupton-Smith II were two civil actions filed as a result of Atlanta Bread's termination of Plaintiffs' Franchise and License Agreements after Plaintiff Lupton-Smith developed and opened a competing bakery/deli business. In Lupton-Smith I, Plaintiffs, who were former Atlanta Bread franchisees and owners of five (5) Atlanta Bread franchised bakery-cafés, sought a judicial declaration and determination that the restrictive covenants in the Franchise and License Agreements were unenforceable, and also sought damages (and attorneys' fees) for alleged wrongful terminafion of the Franchise and License Agreements. In Lupton-Smith II, the Plaintiffs filed suit against Jerry Couvaras, Basil Couvaras, Atlanta Bread and three affiliates of Atlanta Bread alleging that Atlanta Bread had improperly transferred assets that it purchased from Plaintiffs (the "Lupton-Smith Assets") to one of its affiliates, Europan, Inc. ("Europan"), and that Jerry Couvaras and Basil Couvaras had disregarded the corporate defendants' forms and operated each of the corporate defendants as alter egos of Jerry Couvaras and Basil Couvaras. Plaintiffs sought: (a) an order piercing the form of the corporate defendants so that, in the event Plaintiffs prevail against Atlanta Bread in Lupton-Smith I, Plaintiffs may collect from all defendants in Lupton-Smith II; (b) related equitable relief; and (c) punitive damages, attorneys' fees and expenses of litigation. Atlanta

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Bread filed a counterclaim in Lupton-Smith I, seeking a judicial declaration that the Franchise and License Agreements were properly terminated for numerous independent grounds, and seeking damages for Plaintiffs' breaches of the Franchise and License Agreements.

On June 22, 2007, the trial court entered an order in Lupton-Smith I ruling that: (1) the in-term and post-term non-competition covenants contained in the Franchise and License Agreements were unenforceable against the franchisee as unreasonable restraints on trade, and (2) whether Atlanta Bread properly terminated the Franchise and License Agreements based on Plaintiffs' improper disclosure or use of Atlanta Bread trade secrets was a question of fact for a jury to determine. These mlings were affirmed by the Court of Appeals of Georgia. On June 29, 2009, the Supreme Court of Georgia issued an opinion affirming that the non-competition covenants contained in the Franchise and License Agreements were unenforceable.

Following termination of Plaintiffs' Franchise and License Agreements, on June 26, 2006 Atlanta Bread acquired the tangible assets of and took over operation of the five former Lupton-Smith franchised locations. On November 13, 2009, the Plaintiffs and the Atlanta Bread parties reached a settlement of all claims in Lupton-Smith I and II, with no admission of liability by any party. Under the settlement, Atlanta Bread purchased all of Plaintiffs' remaining assets including but not limited to rights, title, interest and any intellectual property associated with the Plaintiffs' five former franchised bakery-cafés, on the following terms: (a) the immediate payment by Atlanta Bread of two million dollars ($2,000,000.00); (b) delivery by Atlanta Bread to Plaintiffs of (i) a promissory note in the amount of one million dollars ($1,000,000.00) ("Note I") to be paid on or before the earlier of May, 1, 2010 or ninety days after the certification of the 2009 financial statements of Atlanta Bread by independent accountants, and of (ii) a promissory note in the amount of two and one-half million dollars ($2,500,000.00) ("Note II") to be paid over sixty (60) months beginning December 1, 2009, and (c) a contingency payment in the amount of Five hundred Thousand Dollars ($500,000.00) in the event Atlanta Bread is able to secure renewal leases for one or both of the Plaintiffs' former bakery-cafés located in the Hartsfield-Jackson International Airport ("Lease Contingency"). Atlanta Bread's affiliate, Europan, Inc., has guaranteed the obligations of Atlanta Bread under Note, I, Note II and the Lease Contingency.

Atlanta Bread Company Intemafional, Inc. v. Doughworx, LLC., (In the Circuit Court of For the County of Macomb, State of Michigan, Civil Action File No. 09-3168-CK). Atlanta Bread Company Intemational, Inc. ("ABCI") filed suit against Doughworx, LLC ("Doughworx") alleging that Doughworx had breached its agreement with ABCI by, among other things, failing to reporting its gross sales and failing to pay ABCI royalty fees and advertising fees. In response, Doughworx filed a seven count counterclaim in the suit alleging, among other things that ABCI had violated the disclosure provisions of the Michigan franchise statute and had breach the franchise agreement, had committed silent fraud, negligent misrepresentation and innocent misrepresentation in regard to ABCI's representations regarding the number of ABCI bakery cafés to be developed in the State of Michigan and that ABCI would provide appropriate and effective marketing. Doughworx sought recovery of alleged damages in excess of $25,000.00 plus court costs and attorney fees, rescission and such other relief as may be awarded. On or about April 21, 2010, Doughworx amended its counterclaim by withdrawing its claims alleging violations of the disclosure provisions of the Michigan franchise statute, silent fraud, negligent misrepresentation and innocent misrepresentation and limited hs claims to only those claims alleging breach of contract and violations of the covenant

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of good faith and fair dealing.

On or about June 16, 2010, ABCI and Doughworx entered into a settlement agreement relating to this litigation that provided that Doughworx pay to ABCI the amount of five thousand ($5,000.00) dollars and agree to a consent judgment in the amount of one hundred and twenty-five thousand ($125,000) dollars, on which ABCI agrees not to execute. Except as otherwise provided, each party agreed to pay its own cost and expenses.

Atlanta Bread Company Intemational. Inc. v. RGC Restaurants, Inc., West End Bread Corp and Robert G. Cox, Chancery Court, Hamilton County, Tennessee Case No. 09-0846. Filing date: October 22, 2009. Atlanta Bread Company Intemational, Inc. ("ABCI") filed suit against RGC Restaurants, Inc., West End Bread Corp and Robert G. Cox, franchisee, a related entity and individual guarantor (collectively the "Franchisee") alleging that Franchisee had breached its agreement with ABCI by, among other things, failing to pay ABCI royalty fees and advertising fees. In response, on or about May 4, 2010, Franchisee filed a two count counterclaim in the suit alleging, that ABCI had breach the franchise agreement, by failing to use reasonable care to select franchised locations and by failing to advertising or market in the Franchisee's market and had breach the implied covenant of good faith and fair dealing. On or about September 10, 2010 ABCI and Franchisee entered in to a Settlement Agreement and Release relating to this litigation that included the following terms: (a) immediate initial payment of twenty thousand ($20,000.00) dollars by Franchisee to ABCI and (b) contemporaneously delivery by Franchisee to ABCI of a promissory note in the amount of sixty thousand ($60,000.00) dollars with interest accming at the rate of Six (6%) percent per annum, to be paid in twenty-three equal monthly installments and one final balloon payment of the balance of principal and accrued interest. The promissory note is secured by a mortgage on the Franchisee's principal's residence. Except as otherwise described herein, each of the parties is to paid its own costs and expenses. In addition, on or about September 10, 2010, an order of dismissal was filed that dismissed all claims with prejudice.

Other than the actions listed in this Item 3, no litigation is required to be disclosed in this Disclosure Document.

Item 4

BANKRUPTCY

Neither we nor any parent, predecessor, affiliate, officer or general partner of ours, or any other individual who will have management responsibility relating to the sale or operafion of franchises offered by this Disclosure Document, has, during the ten (10) year period immediately preceding the date of the Disclosure Document: (a) filed as debtor (or had filed against it) a petition under the U.S. Bankmptcy Code; (b) obtained a discharge of its debts under the U.S. Bankruptcy Code; or (c) been a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a pefition under the U.S. Bankruptcy Code, or that obtained a discharge of its debts under the U.S. Bankmptcy Code, while or within one (1) year after, the officer or general partner held the position in the company or partnership.

Item 5

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INITIAL FEES

You must sign a Franchise Agreement with us and pay us an initial franchise fee. You will be required to pay us an initial franchise fee equal to $40,000 for the first bakery/cafe franchised by you and $30,000 for each subsequent bakery/cafe franchised by you. The initial franchise fee is payable at the time of the signing of the Franchise Agreement and cannot be paid in installments. The initial franchise fee is fully earned when the Franchise Agreement is signed, and is not refundable except as provided below.

During 2011, we are offering an incentive known as Franchise Drive 2011, under which we agree to provide you with a refund of your entire initial franchise fee, a $5,000 baked goods credit, and a $20,000 equipment subsidy, if your new franchised bakery café is open on or before June 30, 2012. The refund of the initial franchise fee will be applied in the form of a credit against royalty fees that would otherwise be owed by you to us as a percentage of gross sales. The $5,000 baked goods credit will be a one-time $5,000 credit on the purchase price of baked goods sold to you through our approved distributor, which credit will be provided on the distributor's first invoice(s) to you. The one-time equipment subsidy of $20,000 for store equipment obtained by you through specific approved vendors will be paid by us within ten (10) days after you open your bakery-café.

If your Franchise Agreement is terminated during the Pre-Opening Period before your bakery/cafe opens because of your death, if you are a natural person, or because you are unable to obtain all necessary permits and licenses during the Pre-Opening Period as a resuh of causes beyond your control (unless the requirement for the issuance of those permits and licenses is waived in writing by Franchisor), then we are entitled to retain one-third (1/3) of the initial franchise fee, and two-thirds (2/3) of the initial franchise fee will be refunded to you within thirty (30) days of the date of termination of the Franchise Agreement. Once your bakery/cafe opens, or in the event of expiration or termination of the Franchise Agreement for any other reason, the initial franchise fee is not refundable, except as provided under the Franchise Drive 2011 program. We will not under any circumstances be required to refund or reimburse you for any other costs incurred during the Pre-Opening Period, including construction costs, build-out costs or relocation costs, except as provided under the Franchise Drive 2011 program.

If we authorize you to develop multiple units under the terms of a Multi-Unit Development Agreement, the franchise fee for the first unit is $40,000.00. However, for the right to reserve the territory to be developed, you will be required to pay a negotiated non-refimdable fee for each additional unit to be developed under the Multi-Unit Development Agreement. The amount you pay for each additional unit under the Multi-Unit Development Agreement will be a credit toward the full fee of $30,000.00 due for the second and subsequent units as each additional unit opens. If you fail to open all of the units you contracted to open or you do not open the units within the time required, any exclusivity or right of first refusal you may have been granted in the Multi-Unit Development Agreement will lapse and the entire territory reservauon fee will be forfeited and non-refundable.

In addition, if any city, county, state or other political jurisdiction levies a tax or charge against us based upon the amounts paid by you, you must pay the tax or charge. You are not

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required to pay a fee for your initial training, which will take place prior to the opening of your bakery/cafe, but you will be required to pay for all transportation, lodging, meals, salaries and any other costs and expenses related to your and certain of your employees' training.

We use the initial franchise fee to pay for travel and other expenses incurred in locating and developing potential sites and to offset some of the costs incurred in promoting and selling franchises.

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Item 6

OTHER FEES

There are other recurring or isolated fees or payments besides your franchise fee which you must pay to us, or that we impose or collect in whole or in part on behalf of third parties. The following table outlines such fees or payments, the formulae used to compute them, whether or not such fees are refundable, and, if they are refundable, under what conditions they are refundable. This table does not represent your total financial obligation. The only fees listed below are those that are imposed by and payable to us. We or our affiliates may implement an automated clearing house (ACH) transfer system that will collect all fees due to us and our affiliates, including a monthly business data analysis holding fee that will be paid to our preferred point of sale (POS) vendor for the holding and storage of sales data from your ABC bakery/cafe. (See Section 2.4, Franchise Agreement.)

Name of Fee	Amount	Due Date	Remarks
Royalty (2)	5% of gross sales, subject to potential credit for a refund of initial franchise fee that would be applied as an offset initial royalty fees (3)	On or before close of business on Thursday of each week following the previous week's business activity	Gross sales includes all revenue from sales from all business conducted at the bakery/café.
Store Lease and Rent	If we control the property, you must pay the base rent plus $150.00 per month for real estate development and liability assumed by us, plus monthly escrow payments for taxes and insurance at our option	Payable on the first day of each calendar month in advance	This fee arises only in the limited case where we are the primary tenant under a lease, and collect rent from you on behalf of a landlord.
Covered Employee Interference Liquidated Damages	30% of then-current annual salary (including bonuses) of such employee	Immediately	You must pay the amount indicated if you solicit for employment or employ one of our or our affiliates' employees (or a person who has been employed with us or

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Name of Fee	Amount	Due Date	Remarks
			our aftiliates during the 90-day period prior to you soliciting or employing them), or if you induce any such employee to leave employment with us or our affiliates and work for a competitive business, during the franchise term or during the 18 months thereafter. See Section 14.4 of the Franchise Agreement.
Late Charges and Interest (4)	All amounts shall bear interest after their due date at the rate of one and one-half percent (1.5%), or the maximum rate permitted by law, whichever is less. In addition to interest, we may charge a late fee on overdue payments of $75, or the maximum rate permitted by law, whichever is less.	Immediately	Payable on all overdue amounts. See Section 2.7 of the Franchise Agreement.
Insufficient Funds Fee	$75 or maximum amount permitted by law, whichever is less	Immediately	For each check, automated bank draft payment, or other payment that is not honored by your financial institution.
Advertising	3% of your weekly gross sales to us	On or before close of business on Thursday of each week following the previous week's	We pool these funds with payments from all franchisees for system - wide

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Name of Fee	Amount	Due Date	Remarks
		business activity	advertising.
Local Advertising	1% of your annual gross sales	You must spend this amount annually on advertising for your store	We do not collect this fee, unless we determine that you have not spent this amount in any calendar year.
Co-operative Advertising (5)	Minimum of 1% of gross sales	Monthly	If we establish a local or regional advertising co-operative, we can require you to pay this fee to the co-operative (which amount will be credited against your local advertising requirement).
Grand Opening Advertising	$15,000.00	Prior to beginning of second month of operation of franchise	This is the minimum you must spend on Grand Opening Advertising and Promotions.
Additional Training	Actual costs, including travel, lodging and meals	Upon your request, or our requirement	We train you, your manager and your baker for no fee before you open your bakery/cafe.
Extraordinary Assistance	Reasonable fee to be determined by us	As incurred	We reserve the right to charge you a reasonable fee for unusual, extensive or extraordinary assistance requested by you and/or require you to reimburse us for expenses incurred by us in connection with providing such services.

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Name of Fee	Amount	Due Date	Remarks
Remodeling	Reasonable cost to upgrade bakery/cafe	When remodeling is complete	Once every 5 years, as required by the terms of the Franchise Agreement. These costs are not payable to us.
Baker Assistance	Salary of ABCI-provided baker plus expenses, including travel and transportation costs	As incurred	This fee is payable if we temporarily provide you with a baker in the operation of your bakery/cafe.
Attorney's Fees	Will vary under the circumstances	As incurred	Payable upon your failure to comply with the Franchise Agreement.
Indemnification	Will vary under the circumstances	As incurred	You must reimburse us if we are held liable for claims arising from and/or if we choose to pay your creditors for goods or services provided to you in the course of your operation of the bakery/café, and defend us against such claims.

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Name of Fee	Amount	Due Date	Remarks
Transfer	If transferee receives a full franchise term (at our option), then the fee will be equal to the then-current initial franchise fee. If transferee receives the remaining term of the transferor (at our option), then the fee will be equal to 33 1/3% of the then-current initial franchise fee	Prior to closing of transfer	Fee covers the cost of preparing documents for the termination of your agreement and closing your accounts, and the cost of approving new franchisee and the cost of training for the new franchisee.
Renewal	$30,000.00, or the minimum then-current initial franchise fee in effect at the time of renewal	No later than 30 days prior to renewal of your Franchise Agreement.	This is your consideration for our renewal of your franchise license.
Audit	Our cost of audit if audit reveals understatement of gross sales or underpayment of 2% or more	Immediately	If an audit or inspection discloses an understatement of two percent (2%) or more in any report of gross sales or any payment to us, you shall reimburse us for any and all costs and expenses relating to the audit or inspection.
Franchise Manuals	$500	Upon receipt of any replacement copies provided to you.	Cost of replacement copy. There is no fee for your first set.

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Notes to the above chart:

1. All fees in the above chart are imposed by and payable to us or our affiliates. All fees in the above chart are non-refundable, except as provided for under our Franchise Drive 2011 program as described in Item 5 and in some of the footnotes to Item 6.

2. Gross Sales are defined as:

a. all receipts (cash, cash equivalents or credit) or revenues from sales from all business conducted upon or from the Bakery/Cafe premises, whether evidenced by check, cash, credit, charge account, exchange or otherwise, including, but not limited to, amounts received from the sale of goods, wares and merchandise (including sales of food, beverages and tangible property of every kind and nature, promotional or otherwise), and from all services performed from or at the Bakery/Cafe premises. Gross sales shall not be reduced by any deductions for cash shortages incurred in connecfion with the transaction of business with customers, credit card company charges or theft, which is reimbursed by insurance or is not reported to the appropriate police authorities. Each charge or sale upon installment or credit shall be treated as a sale for the full price in the wcek during which such charge or sale shall be first made, irrespective of the time when Franchisee shall receive payment (whether full or partial) therefore.

b. Gross Sales shall not include: (i) the sale of goods for which cash has been refunded or not received, or allowances made for goods, if the sales of any such retumed or exchanged goods shall have been previously included in gross sales, (ii) the amount of any sales tax imposed by any federal, state, municipal or other governmental authority directly on sales and intended to be collected from customers, provided that the amount thereof is added to the selling price and actually paid by the Franchisee to such governmental authority, (iii) the sale of goods for which a gift certificate is redeemed, provided that the initial sale of said gift certificate shall have been previously included in gross sales, (iv) the sale of waste products of the Bakery/Cafe, (v) proceeds from the sale of equipment or fixtures, and (vi) any revenues generated or earned from any pay telephones and/or newsstands located in or on the premises.

3. Under our Franchise Drive 2011 program, if you sign a franchise agreement in 2011 and open your bakery café by June 30, 2012, then you will be enthled to take a credit, in the amount of the initial franchise fee that you paid, which credit will be applied as an offset against royalty fees which otherwise would be owed. Once the credit amount is used up, you would commence paying royahies as 5% of gross sales.

4. Interest to be computed from the due date or the date of the underpayment.

5. We do not currently operate any advertising co-operatives; however, vc have the authority to cause advertising co-operatives to be formed, merged, or dissolved in the future. (See Item 11)

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Item 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Espcnditures	Bakery/Cafe Estimated Low-High Cost Raage	When Payable	Method of Payment	Whether Refoudable	To Whom Paid
Franchise Fee (1)	$0 - $40,000	Upon signing Franchise Agreement	Lump Sum	Only under situations set forth in Item 5	Us
Leasehold Improvemems (2)	Fee will vary by condition of the property acquired.	As Incurred	As Agreed	No	Us or 3rd Party
Furnishings, Fixtures, Equipmeni & Millwork (3)	$275,000 - $385,000	Upon Purchase or As Agreed	Lump Sum or As Agreed	No	Outside Suppliers
Design and Construction (including signage and floor plans) (4)	$255,000 -$500,000	As incurred	Lump Sum or As Agreed	No	Outside Contractor
First Month's Rent (5)	$5,000 - $10,000 depending on the size and location of your Store.	At the first of the month	Lump Sum	Per Agreement	Us or 3rd Party
Sccurity Deposit (6)	$5,000 - $10,000 depending on the size and location of your Store	Prior to the opening of your Store	Generally, Lump Sum	Per Agreement	Us or 3rd Party
Opening Inventory and Supplies (7)	$13,000 - $18,000	Upon Purchase or As Agreed	Lump Sum or As Agreed	No	Outside Suppliers or Distributor
Grand Opening Advertising (8)	$15,000 (minimum)	Upon lease execution	Lump Sum or As Agreed	No	3rd parties
Training Expenses (including travel, meals and accommodation) (9)	$7,700 - $19,300	As Incurred	As Incurred	No	Your Employees
Deposits (Utilities, Telephone, etc.) (10)	$1,000 - $3,000	Upon Connection of Services or Utilities	Lump Sum	Yes, Subject to Suppliers Terms	Outside Suppliers
Licenses and Permits and Impact Fees (11)	Will vary from community to community	Upon Application	Lump Sum	No	Applicable Government Agencies
2 Week's Payroll (12)	$12,000 - $16,000	Weekly or Bi-weekly	Lump Sum	No	Your Employees
3 Month's Additional Funds and Working Capital (13)	$8,000	As Incurred	As Incurred	No	Contingent

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Expenditures	Bakery/Cafe Estimated Low-High Cost Range	When Payable	Method of Payment	Whether Refundable	To Whom Paid
Insurance (14)	Approx. $2,000 - $3,000	As agreed	As agreed	No	Carrier
TOTAL ESTIMATED INITIAL INVESTMENT (15)*	$633,700 - $1,027,300				

We rely on our experience in locating sites, developing property, constructing stores, and operating bakery/cafes to compile these estimates. These figures will vary depending on among other factors, your section of the country, your urban location, local labor requirements and local jurisdictional requirements. These estimates are based on our standard construction and layout configurations. The "Total Estimated Initial Investment" may also depend upon the amount of the tenant improvement allowance paid by the Landlord for the construction costs listed in "Leasehold Improvements" above. If you chose to select upgraded or premium construction products, fixtures and equipment for your store, your final costs could at the conclusion of your construction process substantially exceed our high range figure. We do not discourage your upgrade of your bakery/cafe but we do not expect or encourage you to exceed our specifications for your build-out. You should review these figures carefully with your business accountant or advisor and verify the various costs for your area before making any decisions to purchase the franchise.

Notes to the above chart:

1. This fee is paid when the Franchise is executed. This initial franchise fee is refundable only under the circumstances set forth in Item 5, and explained in Sections 2.1 and 2.9 of the Franchise Agreement. Under our Franchise Drive 2011 program described in Item 5, you may be entitled to a refund of your entire initial franchise fee. If you are executing an ABC Multi-Unit Development Agreement, $40,000.00 for the first unit will be paid along with additional negotiated fees in an amount that is a function of the number of units to be developed under the terms of the Multi-Unit Development Agreement. A pro-rata portion of additional negotiated fees will be a credited toward each $30,000.00 fee for the second and subsequent units. The remaining estimated expenses on the chart are applicable as to each individual unit subsequently opened under the build-out schedule in the Multi-Unit Development Agreement.

2. This amount will vary based on the condition of the leasehold premises. Many of our bakery/cafe locations are built in existing structures, while many others are new build-outs. You will incur expenditures in this category if you take over space which was occupied by a prior tenant. It is difficult, if not impossible, to estimate what you might have to pay to improve existing property. Tenant improvement allowances, if any, paid to you may defray a portion of your build-out costs. However, this might result in increased rental expense during the life of your lease.

3. This is the average range for all your furnishings and fixtures, including counters, seating,

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accessories, menu boards and railing, proofer, ovens, refrigeration, display counters, beverage equipment, cash registers and computer, and coolers. Under our Franchise Drive 2011 program described in Item 5, you may be entitled to a one-time subsidy of $20,000, which subsidy is included in the low cost range calculation.

4. This is the average cost to construct your ABC bakery/cafe, as an interior outfit, according to our specifications including a fully operational bakery. The availability and amount of a tenant improvement allowance from the Landlord at your location will affect the final cost of construction and design of your Store as stated in note 2 above.

5. The amount of your first month's rent will depend on the size, condition and location of your bakery/cafe. Because our Franchise Agreement is for 10 years, your typical lease will be for 10 years, and should have additional 5-year renewal option periods. Your ABC bakery/cafe will vary in size from approximately 3,500 square feet to approximately 5,000 square feet. The cost of square footage ranges from approximately $17/square foot to $50/square foot, depending on the location of the space and the condition at the time of acquisition. Based on these figures, your base lease payments for an ABC bakery/café, excluding taxes, CAM and insurance, will be approximately $5000.00/month to $15,000.00/month. If we are the primary tenant under a master lease, and you are obligated to us for the lease payments, we will charge you an additional $150/month over the base rental.

6. The amount of your security deposh will depend on the size, condition and location of your bakery/cafe and the rate, if any, negotiated with your landlord.

7. Reinhart FoodService will sell you your bakery inventory. Reinhart FoodService may also supply you with supplies such as napkins, beverages, deli foods and condiments. With the exception of proprietary bakery products produced exclusively by our affiliate Bake One, Inc., which you must purchase from Reinhart FoodService, you are allowed to purchase all your inventory and supplies from approved suppliers and vendors, provided they meet our strict standards of uniformity and consistency. The figure shown includes inventory for which you may have a 14 to 30 day pay delay and considers that you will have corresponding income from sales to off-set costs due for delayed payments. The low range cost estimate includes a $5,000 baked goods credit available under the Franchise Drive 2011 program. Please study the approval procedures for procuring inventory and supplies from outside vendors described in Item 8 of this Disclosure Document and Articles 5 and 6 of the Franchise Agreement.

8. You are required to spend a minimum of $15,000.00 for an ABC bakery/cafe grand opening. You must spend this amount no later than your second month of operation.

9. We cover the cost of training you, two managers and one baker prior to the opening of your ABC bakery/cafe. However, you must pay for all expenses such as meals, lodging and travel to and from our training program. We have not included the salary costs for you, but only for your employees during the training period. The low figure of $7,700 represents the estimated cost for a Metropolitan Atlanta area franchisee that would have no hotel expenses and reduced travel and meal expenses during training currently conducted at our Atlanta headquarters.

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10. This item covers miscellaneous opening costs and expenses, such as installation of telephones, deposits for electricity and related items, legal and accounting expenses and insurance premiums. All of these expenses may not be encountered in your particular part of the country. You should check with your local utility companies to ascertain their policies toward commercial deposit accounts.

11. You must obtain all necessary licenses, impact fees and permits required by law before opening your ABC bakery/cafe. Some of these licenses and permits include a business license, health code inspection, certificate of occupancy, beer and wine alcoholic beverage license and building permits. Code inspection, occupancy permits, impact fees and building permit costs may be included by your contractor in your construction costs outlined in Note 4 above and would not require duplicate payment of this item.

12. This figure is an average of your employee costs, and does not include bringing additional employees for training or a salary or draw for you while in training.

13. Additional funds and working capital will be necessary for additional expenses incurred.

14. Insurance is necessary for compliance with your lease and Franchise Agreement, the cost of which will generally be paid by you on an annual basis for such coverage required.

15. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors such as: how much you follow our methods and procedures; the allowances and discounts provided by landlords and/or vendors in your area of the country; your management skill, experience and business acumen; local economic conditions; the local market for your products and services; the prevailing wage rate; competition; and the sales level reached during the initial period.

*From time to time, we conduct test programs on items we may introduce as new menu offerings. If you are invited to participate as a test location or you request to participate as a test bakery/cafe, you may be required to install additional equipment, add inventory not usually found in the standard bakery/cafe, employ additional staff beyond what is otherwise required for operation of an ABC bakery/cafe and provide reports and sales information beyond what is required for operation of an ABC bakery/cafe and provide reports and sales information beyond what is required from other franchisees. Participation in a test program may result in an increase in the expenditures disclosed in various categories in this Item 7. Participation in test programs is strictly voluntary. Failure to volunteer as a test bakery/cafe will not subject you to sanctions or disparate treatments from other franchisees who do participate in test programs.

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Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You are obligated to operate your ABC bakery/cafe according to our "System Standards." System Standards may regulate, among other things, the types, models and brands of required fixtures, furnishings, equipment, signs, materials, and supplies to be used in operating your bakery/cafe, required or authorized products and product categories, and designated or approved suppliers of these items. We reserve the right to modify the standards and specifications from time to time in order to achieve our quality and uniformity goals. We may revoke or deny our approval of a supplier at any time for any reason in our sole discretion. Upon receipt of written notice of any such revocation or denial, you must cease to sell any disapproved product and cease to purchase from any disapproved supplier.

You must purchase or lease from a designated supplier or from a supplier approved by us (including manufacturers, distributors and other sources), all fixtures, equipment, furnishings, food products and related supplies which must meet our minimum standards and specifications. The approximate cost of equipment purchased in accordance with specifications represents approximately 20% to 28% of your total purchases in connection with the establishment of your store. The cost of all goods, inventory, supplies, fixtures and equipment that are required to be purchased in accordance with specifications represents approximately 35% to 40% of your total expenditures in connection with the operation of your ABC bakery/cafe. We will notify you in our Operations Manuals or other communications of our standards and specifications and/or names of approved suppliers.

You are required to purchase proprietary bakery products produced exclusively by our affiliate Bake One, Inc., from our preferred distributor, Reinhart FoodService, L.L.C., which is not an affiliate of ours.

In addition, we have the right in our discretion, to require you to offer only certain brands of cola and other soft drinks, post-mix products, teas and waters. We may change this designation at any time. With the exception of certain limited products, The Coca-Cola Company is our exclusive beverage supplier. At the present time, you will be required, pursuant to the provisions of, and during the term of, the Beverage Marketing Agreement between Atlanta Bread Company and The Coca-Cola Company, to purchase all of the designated approved beverage products of The Coca-Cola Company in the manner as provided in the Beverage Marketing Agreement. Per the terms of the Beverage Marketing Agreement, The Coca-Cola Company paid $178,236.68 to the ABCI advertising fund for our fiscal year ended December 31, 2010. This figure was derived from the advertising fund's internal accounting records.

For our fiscal year ended December 31, 2010, Bake One's gross revenues from the sale of products for distribution to our franchisees, company owned-stores and private sales were $5,624,886.00. This figure was derived from Bake One's internal accounting records.

We currently do not have any purchasing or distribution cooperatives that have been created for us or our franchisees. We do not currently operate any advertising cooperatives, but we reserve

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the right to cause advertising cooperatives to be formed, changed, dissolved or merged in the future. If and when formed, all ABC bakery/cafes will be required to join and participate in their respective designated market areas.

Any product or packaging used by any ABC bakery/cafe which has our name or any of our trademarks on it must meet certain specifications, and we must approve it. We recommend certain suppliers of various products and packaging, and we reserve the right to receive revenues from approved manufacturers that include customary discounts and/or volume rebates for goods sold. We provide no material benefits to franchisees based on their use of designated or approved sources. A list of the approved suppliers is provided in the Operations Manuals. Please refer to Articles 6 and 8 of the Franchise Agreement for requirements pertaining to approvals.

We formulate our required specifications and standards for all goods and services required to be purchased by our franchisees as described in this Item 8 based upon our experience as a franchisor and operator of ABC bakery/cafes. All such specifications and standards are uniformly imposed by us on our franchisees to the extent applicable and are not applied in a discriminatory manner. We select our suppliers based upon the quality and pricing of the goods and services to be offered to our franchisees.

In evaluating products, among the many factors we may consider are a product's safety, specitications, consumer demand, efficacy, reputation, manufacturer, prominence in the market, competitive position, availability to all ABC bakery/cafes, price, profit margins, and competitiveness with other products we sell or approve. We also will consider whether a product tits within our current or potential marketing and merchandising programs and other business factors. We have no duty or obligation to approve a product or to continue to approve a product, even if it reasonably satisfies all of these criteria. We reserve the right to grant and to revoke our approval of any product at any time for any reason.

APPROVAL OF ALTERNATE SUPPLIERS

You must purchase or lease all equipment, inventory, fixtures, signage, and other products and materials required for the operation of your bakery/café only from suppliers (including distributors, manufacturers, and other sources) which we approve. We may approve or disapprove any supplier (including proposed or existing suppliers) at any time for any reason in our sole discretion.

In evaluating a supplier or proposed supplier, among the many factors we may consider are the criteria we use to evaluate products; the supplier's financial capacity; the supplier's ability and willingness to supply all ABC bakery/cafes and provide indemnification and insurance to protect us and our franchisees against claims; the quality of its production facilities; frequency of deliveries; reputation; competitive position vis-à-vis us and our aftiliates; the number and type of claims made against the supplier; and willingness to promote and support us and our franchisees and other business factors. We have no duty or obligation to approve a supplier or to continue to approve a supplier even if the supplier satisfies all of these criteria. We reserve the right to grant and to revoke our approval of any supplier at any time for any reason.

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If you desire to purchase any items from a then-unapproved supplier, you may submit to us a written request for approval. We may condition our consideration of a supplier upon, among other things, our representatives personally inspecting the proposed supplier's facilifies and upon our testing samples of the product supplied by the proposed supplier. We may impose a charge to test or inspect the products and the proposed suppliers' facilities. We reserve the right to grant and to revoke our approval of any supplier at any fime for any reason in our sole discretion.

ISSUANCE AND MODIFICATION OF SPECIFICATIONS

To ensure a uniform image and uniform quality of products and services throughout the Atlanta Bread Company System, you must strictly conform to our currently or later prescribed methods, standards, and specifications. We formulate standards and specifications based upon what we, in our subjective opinion, determine is best to further our mission statement. Our methods, standards and specifications are found in the Manuals or otherwise in writing and are issued to our franchisees and, as applicable, to our approved suppliers. You must not use or sell products, materials, fixtures, equipment, supplies, forms, and other items which we have not expressly approved in writing.

In your franchised ABC bakery/cafe you must maintain the minimum inventory of products we publish in the Manuals or otherwise in writing at all times, which may be modified by us from time to time in wrifing.

We have and will in the future continue to negotiate purchase agreements with suppliers for the benefit of franchisees. If you want to use any item that does not comply with our System Standards or is to be purchased from a supplier that has not yet been approved, you must first submit sufficient information, specifications and samples for us to determine whether the item complies with System Standards or the supplier meets approved supplier criteria. We have the right to charge you a reasonable fee to cover the costs we incur in making this determination and will, within a reasonable time, notify you of our decision. We will, from time to time, establish procedures for submitting requests for approval of items and suppliers, which will be supplied to franchisees upon request, and may impose limits on the number of requests for new approved items and/or suppliers. After you request approval of an item or supplier, we will generally notify you within 30 days of our approval or disapproval. If there is no notification then any request will be deemed disapproved. Approval of a supplier may be conditioned on requirements relating to product quality, frequency of delivery, standards of service and concentration of purchases and may be temporary, pending our further evaluation of the supplier. Except as specifically disclosed in this Item, we and our affiliates received no income from required purchases or leases in the most recent fiscal year.

COMPUTER SYSTEMS

You are not required to purchase any particular computer hardware; however, we require that you use a computer system in the operation of your ABC bakery/cafe so that we can communicate with you by e-mail and computer generated fax. You are required to maintain an electronic cash register, computer systems, and/or other Point of Sale Devices (POS) in operating your bakery/cafe (See Item 11). Additionally, you are required to purchase software so that there is

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a consistent interface between your hardware and our hardware. During the year, you may be required to pay for maintenance, repairs, updates and upgrades to this software. Currently, your software must be compatible with the Micros system in use by us. In addition, all computer systems and/or other POS systems must be compliant with all statutory, administrative and association statutes, rules or regulations, including without limitation those statutes, rules or regulations relating to the processing and protection of confidential information, including, without limitation, the Payment Card Industry Data Security Standard (also known as the PCI Directive).

INSURANCE

You are obligated to obtain and maintain, at your own expense, such insurance coverage that we require from time to time. Our System Standards and/or other agreements may regulate the types, amounts, terms and conditions of insurance coverage required for your bakery/cafe and standards for underwriters of policies providing required insurance coverage; our protection and rights under such policies as an additional named insured; required or impermissible insurance contract provisions; assignment of policy rights to us; periodic verification of insurance coverage that must be furnished to us; our right to obtain insurance coverage at your expense if you fail to obtain required coverage; our right to defend claims; and similar matters relating to insured and uninsured claims. You currently are required to maintain, in the amounts we prescribe from time to fime, comprehensive liability insurance coverage, including, but not limited to, property damage, bodily injury, business interruption, automobile liability and workers' compensation insurance coverage. The cost of this coverage will vary depending on the insurance carrier's charges, terms of payment and your history. All insurance policies must name us as an additional insured party. The amount of insurance coverage we require may not satisfy minimum requirements of the specific jurisdicfion where your ABC bakery/cafe will be located and you should check with agents and advisors in your area for the specifics of local requirements. Your obligations relating to insurance coverage include the following:

INSURANCE	MINIMUM LIMITS OF LIABILITY
Workers' Compensation	Statutory for your State
General Public Liability, including Product Liability, Injury and Liquor Liability (if applicable)	$2,000,000 per occurrence $5,000,000 in the aggregate
Fire Damage and Medical Expense	$100,000 for one fire $10,000 for one person Full replacement value
Automobile liability insurance (owned and non-owned)	$500,000 per person (for bodily injury) $1,000,000 per accident (for bodily injury) $100,000 per occurrence (property damage)
Comprehensive crime and blanket employee dishonesty insurance	Not less than $50,000

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All-risk property insurance, including theft and flood coverage (when applicable)	80% building 100% contents
Business interruption insurance	$50,000/month not less than six (6) months
Umbrella Liability Insurance	$5,000,000

(See Section 26 of the Franchise Agreement)

You are also required to obtain the services of a third party consumer evaluation organization (a "Mystery Shopper" service) at your expense which shall perform evaluations of your operating proficiency on at least a monthly basis, and one copy of any such evaluations must be supplied to us at our service center address. The name of suggested consumer evaluation services will be provided in the Operations Manuals from time to time.

Item 9

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

Obligation	Article in Franchise Agreement	Section In Multi-Use Development Agreement	Item in Disclosure Document
(a) Site selection and acquisition/lease	4 and 5	5 and 6	6, 7, 8 and 11
(b) Pre-opening purchases/leases	4, 5 and 6	6	7 and 8
(c) Site development and other pre-opening requirements	1, 2, 4, 5 and 6	8 and 9	6, 7 and 11
(d) Initial and ongoing training	5	10	7 and 11
(e) Opening	5 and 6	11 and 12	7 and 11
(f) Fees	1, 2, 8, 9 and 11	3	5, 6 and 7
(g) Compliance with standards and policies/operating manual	3, 6 and 7	11	8, 11 and 14
(h) Trademarks and proprietary information	12, 13, and 19	12	13 and 14
(i) Restrictions on products/services offered	4 and 6	11	8 and 16

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Obligation	Article in Franchise Agreement	Section In Multi-Use Development Agreement	Item in Disclosure Document
(j) Warranty and customer service requirements	4 and 6	n/a	11
(k) Territorial development	n/a	1 and 4	I
(l) On-going product/service purchases	4 and 6	n/a	8
(m) Maintenance, appearance and remodeling requirements	3, 4 and 6	n/a	8 and 11
(n) Insurance	17	n/a	6, 7 and 8
(o) Advertising	8	n/a	6, 7 and 11
(p) Indemnification	16	n/a	6
(q) Owner's participation, management & staffing	6	n/a	11 and 15
(r) Records & reports	9	n/a	6
(s) Inspections & audits	6 and 9	9	6 and 11
(t) Transfer	11	17	6 and 17
(u) Renewal	1	18	17
(v) Post-termination obligations	21	14	17
(w) Non-competition covenants	12, 13, and 14	16	15 and 17
(x) Dispute resolution	22 and 23	19	17

Item 10

FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation. Additionally, we have never received any fee from any person for the placement of financing with such person. However, your Franchise Agreement grants us a security interest in your assets to secure the payment and performance of your duties and obligations under the terms of your Franchise Agreement. A UCC-1 Financing Statement will be recorded in the appropriate jurisdiction.

We may assist you in locating a financial institution willing to finance your bakery/cafe. Financing tenns and interest rates will vary depending upon the financial institution and the

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financing program being offered. If financing assistance is available, the ability to procure such financing will be dependent upon your financial strength, and, if you are a partnership or a corporation, the lender may need additional information and personal guarantees from the individual partners or shareholders. We make no guarantees as to the availability of funds or terms that may be offered. If we assist you in locating financing, we may receive compensation for doing so, and we will tell you in writing what the terms of our compensation are; however, we do not currentiy have any written or oral arrangement with any affiliated or non-affiliated lending institution or company and do not know what percentage of any costs could be financed, at what terms, or whether we may actually receive a fee.

Item 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

Except as listed below, we are not required to provide you with any assistance. However, the assistance provided as set forth below is applicable for each bakery/cafe you open, whether opened individually or under the terms of a Multi-Unit Development Agreement.

OBLIGATIONS PRIOR TO OPENING

Before you open your Bakery/Cafe, we will provide the following assistance:

A. Site Selection: We will accept a location submitted by you for the site for your ABC bakery/cafe if the location meets our standards for accepted locations. We take into consideration such factors as population, competition (existing and known to be planned) within the trade area, proximity to existing Atlanta Bread Company bakery/cafes, the amount and flow of vehicular traffic, foot/pedestrian traffic, trade area evaluation, average income per household, general daytime and evening demographics, location visibility, site accessibility, parking, construction and development costs, lease terms and rental rates. Each location is considered on a case-by-case basis as no two sites are the same and other factors may be considered in evaluating a site. We will provide you with one copy of our standard plans for an existing bakery/cafe and specifications for the design and construction of an ABC bakery/cafe from which your architect will be required to produce a full set of architectural plans for the design and construction of your bakery/cafe. (Franchise Agreement, Section 4.1.a., 5.1 and 5.2) We treat the failure to agree upon a site the same as if we do not accept your proposed site.

B. Lease Negotiation: Once your site has been selected or accepted, you typically will be responsible for negotiating the terms of your own lease. You also will be required to negotiate all lease renewals. We do not have a standard lease agreement for use between you and us; however, we do have a suggested lease for use between you and a landlord. We may already possess a lease for a location, in which case we may decide to assign the lease to you. If we assign a lease to you, you will be responsible for all lease payments to the landlord, and we will retain the right to

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terminate your Franchise Agreement and retake the bakery/cafe if you default in your lease obligations. In some cases, we own, negotiate and enter into prime leases for new ABC bakery/cafe sites. Your lease payment to us will be $150 per month greater than our payment under the primary lease. (Franchise Agreement, Article 4)

C. Bakery/Cafe Unit Construction:

1. Typically, we provide you with one copy of our standard plans and specifications for the design and construction of an ABC bakery/cafe. You are required to construct your bakery/cafe at your expense, and the design and construction must comply with our standard plans and specifications. We have no responsibility for the development of construction plans or overseeing construction, except to assure construction according to our standard plans and specifications for your bakery/cafe. An architect will need to be hired by you to satisfy state and local codes. This hiring is your responsibility. (Franchise Agreement, Article 4)

2. The plans and specifications for the design and construction of your ABC bakery/cafe will include mandatory and suggested specifications and layouts for the unit, including requirements for dimensions, design, image, interior layout, decor, fixtures, equipment, signs, furnishings and color scheme. (Franchise Agreement, Articles 4 and 5)

3. We do not provide any assistance in complying with local ordinances or in obtaining any permits for your site or building and that responsibility should be included in your agreement with your architect and/or contractor.

D. Equipment, Fixtures, Inventory And Supplies: We will issue you a list of all necessary equipment, fixtures, inventory and supplies that you will need for the operation of an ABC bakery/cafe, but we are under no obligation to purchase or procure such items for you. (Franchise Agreement, Section 5.6)

E. Franchise Manuals: We will loan to you our Operations Manuals that contain mandatory and suggested specifications, standards and procedures for the operation of an ABC bakery/cafe. This Manual and the information in it are confidential, are not to be reproduced, disclosed, or distributed to any unauthorized person or used except as required to operate the Bakery Café, and remain our property. We have the right to modify or add to these Manuals, but the modifications will not materially alter your status and rights under the Franchise Agreement. A copy of the Operations Manual Table of Contents and the pages of the principal items therein are included as Exhibit D. (Franchise Agreement, Sections 5.5, 7.1, 12 and 13).

F. Financing: We do not provide financing to you for the start-up, operation or maintenance of your ABC bakery/cafe.

G. Advisory Assistance and Services; Store Opening: We will provide such initial and continuing advisory assistance as we, in our sole discretion, deem advisable in the

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opening of your bakery/cafe. We may provide personnel to assist Franchise during the opening week of the Bakery Café. (Franchise Agreement, Sections 5.3 and 5.7).

H. Training: We do not supply any assistance in the hiring of any of your employees. We will, however, train 2 managers, 1 baker and 1 individual who must be the franchisee or a principal, prior to the opening of your bakery/cafe. Training will consist of direct participation and classroom instruction in a designated training unit. Such training is mandatory and is scheduled by mutual agreement between you and us. There is no set time before the opening of your ABC bakery/cafe that you must complete the required training, but we prefer that you complete training as soon as possible after the signing of your Franchise Agreement. This mandatory training must be completed, to our satisfaction, before you are allowed to open your ABC bakery/cafe.

Our corporate personnel, with average experience of four and one-half years experience with us (two of which each have an additional five years of training experience within the industry), conduct all aspects of the training. There is no additional charge for your initial training; however, you are required to pay for the travel, food, lodging and wages of designated trainees while attending training school. (Franchise Agreement, Section 5.4) Generally, training takes place in Atlanta, Georgia. Before you open your ABC bakery/cafe, you will undergo approximately 8 weeks of training in one of our bakery/cafes in the Greater Atlanta Metropolitan Area. Our initial training program is as follows:

TRAINING PROGRAM

Subject	Day	Hours of Classroom Training	Hours of On-The-Job Training	Location
Orientation [1]	1	2	3	Atlanta, Georgia
Marketing and Merchandising (includes pre-opening marketing)	1	2	2	Atlanta, Georgia
Purchasing	1-60	2	2	Atlanta, Georgia
Management Policies and Procedures (includes inventory, cost analysis, customer service)	1-30	8	24	Atlanta, Georgia
Baking	1-10	1	60	Atianta, Georgia
Health Regulations	1-5	12	1	Atlanta, Georgia
Inventory	1-3	2	2	Atlanta, Georgia
Personnel	1-60	4	3	Atlanta, Georgia

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Operations (includes food prep, front operations and catering training)	1-30 [2]	4	300	Atlanta, Georgia

[1] Orientation on day 1 encompasses all of the subjects listed
[2] The total training time is up to sixty days. These areas are covered extensively and repeatedly.

OBLIGATIONS DURING OPERATIONS

During your operation of your ABC bakery/cafe, we will provide the following assistance:

A. Product Development: We will develop new products and methods periodically, and provide you with information about these products and methods. We encourage you to initiate new menu items and services, which must be approved by us before you offer them to the public. If such menu items or services are in keeping with our overall system concept, and are successful in your bakery/cafe, we may wish to implement them on a system-wide basis. All items that either we develop or you suggest or develop become the property of ABCI. (Franchise Agreement, Article 3)

B. Training and Assistance: We will advise you from time to time regarding operating issues conceming your bakery/cafe disclosed by reports you submit or inspections we make. In addition, we will provide guidance to you on standards, specifications and operating procedures and methods used by ABC bakery/cafes, including: purchasing required fixtures, fumishings, equipment, signs, products, materials and supplies; advertising and marketing programs; employee training; and administrative, bookkeeping and accounting procedures. This guidance will be at our discretion and will be fumished in our Operations Manuals, bulletins or other written materials and/or during telephone consultations and/or consultations at our office or your bakery/cafe. Although we will periodically counsel and advise you in the operation of your bakery/cafe, we do not provide, on a regular basis, any additional training programs or refresher courses. If we do offer additional training programs, participation will be at your option and expense (Franchise Agreement, Sections 5.3, 5.4, 5.9 and 5.10).

C. Store Inspections: From time to time, we or our agent or designee shall inspect your bakery café to evaluate compliance with the System, Manuals and Agreement, and shall provide you with a report of the results. (Franchise Agreement Section 5.8)

D. Pricing: We do not require you to charge a certain price for any item; however, to the extent permitted by law, we have the right to establish maximum prices for any given product or service. We will assist you in your determination of prices by supplying you with a list of suggested retail prices. (Franchise Agreement, Section 5.11)

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E. Improvements and Developments in Our Business: We may hold an annual conference for our franchisees to discuss sales techniques, personnel training, bookkeeping, accounting, inventory control, performance standards, new products, advertising programs and/or merchandising procedures. There is no conference fee, but you must pay for all your travel, meals and lodging. These elective conferences are held at a location selected by us.

CASH REGISTERS AND COMPUTER SYSTEMS

We require that you procure and use desktop personal computers that have Internet access and capabilities, fax machines, computerized systems, point of sale (POS) systems and other record-keeping facilities for uses as described herein. You must purchase or lease, install, use, maintain and upgrade such equipment for the purpose of performing cash register, bookkeeping, accounting or other functions related to the operation of your franchised bakery/cafe as set forth in your Operations Manuals. In addition, the POS system shall provide a record of products sold, a menu mix report, and other reports and records that we may require. All such equipment and systems must be compatible with our systems and be maintained in compliance with specifications set forth in the Operations Manuals. We require that you purchase a fax machine and maintain a dedicated fax telephone number for its use. We reserve the right to require the use of additional computers, software programs, internet services, email and other computer technology as we reasonably determine. You are solely responsible for any maintenance or upgrades required to conform to our current standards and operating requirements. Neither we nor any third party has any contractual right or obligation to provide ongoing maintenance, repairs, upgrades, or updates to any required hardware component or software program, and there are no contractual restrictions on the frequency or costs you might incur in maintaining your hardware components and software programs to our required specifications.

You must cause all sales to be registered on an electronic non-resettable cash register of a type specified by us, and must provide to us access to permit reading of the running total of the cash register at any time we wish to conduct a cash register reading. We may require you to purchase computerized cash register systems which permit us access to various information, including your sales information, food costs, and labor costs. You must repair all malfunctions immediately and must follow our policies and procedures as established from time to time during any period during which the cash register is not fully operational. You must provide us with the serial number of each such cash register prior to using it, and must keep and preserve all cash register tapes, tape readings, and other mechanical or electronic recordings of cash register readings for the period of time and in a manner we require. We may inspect the cash registers without advance notice, during normal business hours. We will download ("poll") information through telephone lines from your POS on a daily basis for reasons such as tracking of product mix and inventory needs on a system-wide basis. You must install and maintain a dedicated telephone line and modem for this purpose. We also require that you use a separate dedicated computer system in the operation of your bakery/cafe, for the sole purpose of operating the catering software. (Franchise Agreement, Article 6)

Currently, we require you to purchase your POS system from either MICROS Systems, Inc. or Comtrex Systems Corporation. We estimate the cost of purchasing this computer system for your franchised bakery/cafe to be between $30,000 and $35,000.

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Except for the POS system, there is no required hardware or software maintenance or support. However, you may be required to purchase updated hardware or software from time to time if your current version is not then currently supported by the vendor or compatible with our systems. There are no contractual limitations on the frequency and cost you might incur in updating or upgrading required hardware components or software programs. In addition, all computer systems and/or other POS systems must be compliant with all statutory, administrative and association statutes, rules or regulations, including without limitation those statutes, rules or regulations relating to the processing and protection of confidential information, including, without limitation, the Payment Card Industry Data Security Standard (also know as the PCI Directive).

ADVERTISING

We do not currently provide franchisees with store-level advertising assistance for their individual bakery/cafes, and we are not obligated to provide you with store-level advertising assistance during the operation of your bakery/cafe; however, we may provide guidance and suggestions. You may use your own store-level advertising materials, but only after we have approved them in writing. (Franchise Agreement, Article 8). We have limited acceptable advertising media to the following:

a. Newspapers, magazines and other such periodicals;
b. Radio, television and internet;
c. Outdoor advertising by signs displayed on billboards or buildings; and
d. Handbills, flyers, door-hangers, ADVO materials and direct mail.

We currentiy operate an advertising fund, which we may cause to be changed, dissolved or merged. We require that all franchisees pay an advertising fee equal to three percent (3%) of their weekly gross sales (see Item 6). Currently, most company-owned locations also contribute to the fund on the same basis as franchisee locations of the same age. We reserve the right to reduce contributions of franchises or company-owned locations to the advertising fund, and upon notice, reduce the advertising fund's operation or terminate the advertising fund.

We may use the advertising fees to provide local, regional and/or national advertising and promotion for the ABC bakery/cafes. Currently most of these promotions are done on a local/regional basis. This curtent practice does not obligate us with respect to the future, and we are not required to spend any amount on advertising in the area or territory where the funds were collected or where you are located.

In 2010 we advertised in print, billboard, television and radio media. For the fiscal year ended December 31, 2010, the advertising fund spent 83.00% on production costs and media placement, and 17.00% towards administration. We may be reimbursed for expenses incurred in any in-house production of advertising. Funds are generally not used in the solicitation for the sale of franchises. Any funds not spent in the current year are kept in the fund for use in subsequent years. We administer, make all advertising decisions, and audit the fund on an annual basis. Audited financial statements for the fund for the prior year's operations are available for your review upon request and may be obtained upon reasonable written notice to us at our corporate

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address. (Franchise Agreement, Section 8.1)

We do not currently have any advertising co-operatives, but we have the right to cause advertising co-operatives to be formed, changed, dissolved or merged in the future. If and when formed, all ABC bakery/cafes will be required to join and participate in their respective designated market areas. (Franchise Agreement, Section 8.7)

TYPICAL LENGTH OF TIME BETWEEN THE SIGNING OF THE FRANCHISE AGREEMENT AND THE OPENING OF YOUR BUSINESS

We estimate that the typical length of time between the signing of the Franchise Agreement and the opening of your franchised bakery/cafe may be as long as twelve (12) months. Various factors may affect the time period necessary to open your bakery/cafe, such as the ability to obtain a lease; obtaining acceptable financing; obtaining zoning and building permits and meeting other local ordinances and community requirements; and other conditions such as shortages, slow delivery, completion of construction, remodeling, decorating, purchasing and installing equipment, fixtures and signs.

Item 12

TERRITORY

The license we grant you is for the operation of a single bakery/cafe only at the location accepted by us. We typically offer you an exclusive territory of a 1 mile radius from the location where you operate your bakery/café (measured from the front door), unless you select a site which is identified as a "downtown" location, in which case we will negotiate with you any limited area of exclusivity in which we promise that we will not open another franchised or company owned bakery/cafe. In the event that you have not selected a site before you sign your Franchise Agreement, we will negotiate any grant of a limited area of exclusivity after the selection of your site and specify it by addendum to your Franchise Agreement. If we negotiate an exclusive territory, it may be measured by a radius from your bakery/cafe (such as a 1 mile radius), by absolute distance (such as feet, yards, or miles) in each "compass" direction (North, South, East, West and all combinations thereof), or by artificial or naturally occurring landmark (such as city boundaries, streets, rivers and public buildings). The altering of this exclusive territory will only happen upon our mutual consent and is not dependent on a certain sales volume or any other condition.

There is no minimum sales quota within your exclusive territory. The continuation of your exclusive territory does not depend on achieving a certain sales volume, market penetration or other contingency. You maintain rights to your exclusive territory even though the population increases. As long as you are in compliance with your Franchise Agreement, neither we nor our affiliates will operate or grant a franchise to any other person to operate an ABC bakery/care within your exclusive territory.

Your customers are not limited to the area of your location, nor should you expect that customers in your area are limited in patronizing only your bakery/cafe. You may solicit customers anywhere you choose. There are no restrictions on you, any of our other franchisees, or us to

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prevent any soliciting or advertising in your exclusive territory or someone else's franchise territory. No party is obligated to pay compensation to any other party for soliciting customers from any other franchisee's franchise territory. You have no right to sell any products or services from any location other than your bakery/cafe, and you may not use any alternative distribution channels to make sales outside or inside your exclusive territory, including, without limitation, operating or using a telemarketing, Internet, mail order, direct mail, catalog, wholesale, distribution, direct sales, export or similar business or any other channel of distribution which permits customers to purchase and receive products or services without being present at your bakery/cafe location, except that you agree to operate a catering business, the boundary of which will be your exclusive territory unless we agree otherwise in writing. You may not open kiosks, satellite locations or "wholesale" or cater to other food service sales entities of any type without our specific prior written approval and consent for such activity.

In the Franchise Agreement, we and our affiliates reserve the right to establish and operate, or grant others the right to establish and operate, an ABC bakery/cafe at any location outside of your exclusive territory, regardless of the proximity of any of those locations to the territory or your franchised bakery/cafe, on such terms and conditions as we, in our sole discretion, deem appropriate. We and our affiliates also reserve the right to establish anywhere franchises and/or company-owned or affiliate-owned food service businesses or outlets selling the same or similar products and providing the same or similar services (including within your exclusive territory) under names and symbols other than the marks we authorize you to use in connection with the Atlanta Breach Company system. We and our affiliates also reserve the right to distribute and sell products and services identified by the marks that you will use in connection with the Atlanta Bread Company system, or any other marks, names or symbols, to any business, distributor, wholesaler, retailer, establishment, organization, club, outlet, individual consumer or customer located within or outside your exclusive territory, irrespective of the proximity to your bakery/cafe, through any distribution channel or method, including grocery stores, convenience stores, retail food stores, department stores, direct mail, mail order, catalog sales, kiosks, the Internet (or any other existing or future form of electronic commerce), and delivery services; provided, however, that any such sales will not be made from an ABC bakery/cafe located in your exclusive territory. We also reserve the right to own, operate, franchise or license anywhere, even within your exclusive territory or otherwise in close proximity to your franchised bakery/cafe, food service businesses of any other type whatsoever operating under marks other than the marks we authorize you to use in connection with the Atlanta Bread Company system. In this respect, your exclusive territory is not exclusive. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. You are not entitled to any compensation for our exercise of any of the foregoing retained rights.

Relocation of your bakery/cafe requires our prior approval. If the lease for your bakery/cafe expires or terminates through no fault of your own, or if the site is destroyed, condemned or otherwise rendered unusable, or if there is a change in the character of the location of your bakery/cafe to warrant its relocation, we will allow you, at your cost, to relocate your bakery/cafe to a new location we accept prior to the relocation.

We may offer development agreements or other similar rights to acquire additional franchises. These development agreements are individually negotiated for a specified number of

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ABC bakery/cafes built within a specified period of time in a specific geographical area and are granted by separate contract. In the event that you do not fulfill the terms of a development agreement, you will lose any rights granted for additional bakery/cafes imder the development agreement, and this will also be a default under any existing franchise agreement entered into pursuant to the development agreement. A specifically limited exclusive territory is negotiated under the development agreement. If you negotiate a development agreement, you must open the bakery/cafes in the specified number of months stated in the development schedule attached to your development agreement and you must also open the prescribed number of bakery/cafes within the specified time periods. If you do not open the prescribed number of bakery/cafes within the time shown in your development schedule, then we may terminate your development agreement and open the territory to development by others.

Except as may be provided in a multi-unit development agreement, you have no right of first refusal or similar rights to acquire additional franchises or establish additional ABC bakery/cafes.

We currently have no plans to operate or franchise a business under a different trademark that will sell goods or services similar to those you will offer, although we reserve the right to do so.

By signing your Franchise Agreement you grant to us a right of first refusal to acquire your franchised bakery/cafe which we may exercise if you propose to assign or transfer any interest in the Franchise Agreement. If you are a legal entity, certain changes of ownership or extraordinary transactions such as a merger, consolidation or reorganization shall be deemed an assignment which triggers our right of first refusal.

Item 13

TRADEMARKS

In the Franchise Agreement, we grant you a license to use and display the trademarks, service marks, trade names and commercial symbols of the Atianta Bread Company System (sometimes individually and collectively referred to as "Marks") solely in the conduct of your ABC bakery/cafe. You must use the Marks designated by us from time to time only in the manner prescribed by us, and you may not use our Marks as part of the name of a legal entity.

In September 2000 ABCI conveyed all of the then-existing Marks to its subsidiary Aummn Time, LLC. Effective December 30, 2010, Autumn Time was merged in tiie ABCI and all assets of Autumn Time were transferred to ABCI.

You may not use any other Marks in comection with the franchised bakery/cafe except those which we license to you. We reserve the right, in our discretion, to add, delete, substitute and modify the Marks which we license to you. You must bear any expense associated with any changes, additions, substitutions or modifications in Marks which we license to you. The following is a description of the status of our principal trademark registrations and applications with the United States Patent and Trademark Office ("USPTO"):

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Federal Registrations

Description Of Mark	Registration Number	Principal or Supplemental Register	Registration Date
Atianta Bread Company	2,524,665	Principal Register	January 1, 2002
Atlanta Bread Company	2,524,664	Principal Register	January 1, 2002
ATLANTA BREAD	2,886,287	Principal Register	September 21, 2004
ATLANTA BREAD	3,375,870	Principal Register	January 29, 2008
ATLANTA BREAD and Design	3,375,871	Principal Register	January 29, 2008
LITTLE MAN Design	3,450,681	Principal Register	June 13, 2008

As described in Item 1 of this Disclosure Document, we may, in the near future, change our tradename and trademarks and upon directive to our franchisees, we will change our Marks to such new marks. We reserve the right in the Franchise Agreement, in our discretion, to add, delete, substitute and modify any Marks which we license to you. You must bear any expense associated with any changes, additions, substitutions or modifications in Marks which we license to you.

There are no effective determinations of the United States Patent and Trademark Office or Trademark Administrator of this state or any court, and there are no interferences, opposition or cancellation proceedings or material litigation involving any of the applied for or registered trademarks.

There are no agreements in effect which significantly limit our right with respect to any of the applied for or registered trademarks in any maimer material to you. There are no agreements currently in effect which significantiy limit our right to use or license the use of any of the applied for or registered trademarks in any manner material to you.

We know of no prior rights or infringing uses that could materially affect your use of any of the applied for or registered trademarks.

You must follow our rules when you use these Marks. You cannot use a name or one of the Marks as part of your corporate or business name or with any modifying words, designs, or symbols without our prior written consent. You may not use any of the Marks in connection with the sale of an imauthorized product or service or in a manner not authorized in writing by us.

You must notify us promptly when you learn about an infringement of or challenge to your use of our trademark. We have the absolute right to take the action we think appropriate. You must not, under any circumstances, start any legal action relating to our Marks without first obtaining our written consent to do so.

We have the right at any time to discontinue or modify any of the Marks. You must modify or discontinue the use of any Marks if we modify or discontinue them. If this happens, you will be responsible for making any necessary changes to your signage or paper products and any

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advertising and promotional materials.

We are not obligated by the Franchise Agreement, or otherwise, to protect any rights which we have granted you to use the Marks or to protect you against claims of infringement or unfair competition which are based on use of the Marks. We may take any action which we, in our discretion, deem appropriate in the event of any claimed or apparent infringements of any Marks. We are not obligated to seek recovery of costs or damages of any kind, and it is within our sole discretion whether to assert or waive any claims. We have the sole right to conduct the defense of and settle any claims and to retain control of any negotiations related to any such claims. You must cooperate in all actions taken by us with respect to any such claim and must assist us in the defense of any such claim. The costs of any such actions will be paid by us and any recovery obtained shall be paid to us.

You agree never to contest, directly or indirectly, our ownership, title, right or interest in any of the Marks (whether registered or applied for) or take any action whatsoever in derogation of such claimed interests.

We have no rights in, nor do we have the authority to grant you any rights in, the trademarks, names or logos of any other company or franchisor with whom you may enter into agreements.

Upon expiration or termination of the Franchise Agreement, all of your rights to use the Marks will terminate.

From time to time we may add to, delete, substitute or modify any and all of the Marks. At your sole expense, you must accept, use, or cease using, as may be applicable, the Marks, including any modified or additional Marks. Except as otherwise disclosed in Item 1, you will not be compensated as a result of any such addition, discontinuation, substitution or modification.

Item 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

We do not own any rights in or to any patents or registered copyrights that are material to the franchise but we do assert trade secret and copyright protection for our manuals and other printed material constituting the Atlanta Bread Company System.

No patents or copyrights are material to the franchise. You do not receive the right to use an item covered by a patent, but you can use the proprietary information in ABC's Operations Manuals to develop and operate your bakery café. The Operations Manuals are described in Item 11. Although we have not filed an application for a copyright registration for the Operations Manuals, we claim a copyright for the Manuals and the information in them is proprietary and confidential. Item 11 describes limitations on the use of these manuals by you and your employees. The Operations Manuals shall always remain our exclusive property. (Franchise Agreement, Sections 7, 12 and 13).

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You must promptly tell us when you learn about any unauthorized use of this proprietary information. We are not obligated to take any action but will respond to this information as we consider appropriate.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

We encourage you to participate personally in the on-premises supervision of the franchise business. If you are a corporation or partnership, we encourage an officer or principal acceptable to us to participate in the on-site supervision of the franchised business. You must successfully complete our initial training program. You must personally manage your first ABC bakery/cafe during the opening week and eight (8) weeks thereafter.

Although we strongly recommend that you devote full time and best efforts as manager of your ABC bakery/cafe, you will be permitted to employ a designated manager to direct the on-premises franchise operation after the specified time period. Any designated on-premises manager must complete our training program, and must be approved by us upon successful completion of our initial training program, and our approval may depend in part on the manager's demonstrated abilities acquired from prior training and/or experience. The designated manager need not have an ownership interest in a corporate or partnership franchise. During the term of your Franchise Agreement and for a period of three (3) years after expiration or termination of your Franchise Agreement, you, your principals and your affiliates may not, directly or indirectly, engage in or have any interest in any competitive food service business or restaurant within 5 miles of your franchised location or of any bakery/cafe being operated by any franchisee of Franchisor. (See Articles 12 and 14 of the Franchise Agreement). Each individual who owns an interest in the franchise and their spouse must sign the Personal Guarantee attached to the Franchise Agreement assuming and agreeing to discharge all obligations of the Franchisee under the Franchise Agreement and other agreements between Franchisee and us or our affiliates. (See Article 10 to, and Exhibit "C" of, the Franchise Agreement).

You, your designated managers, bakers and all your employees must enter into an agreement acceptable to us to maintain as confidential all of our proprietary information and trade secrets. Furthermore, all Principals and their spouses must sign the "Personal Covenants" attached to the Franchise Agreements as Exhibit "E," thereby agreeing to be bound by the non-competition and confidentiality covenants set forth in Articles 12 through 14 of the Franchise Agreement. (See Articles 12 through 14 of the Franchise Agreement).

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Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You are limited in the products and services that may be sold from your ABC bakery/cafe. You may only produce and sell food and beverages and bread and bakery products that are expressly approved in writing by us. You may not use or sell any products, materials, ingredients, supplies, paper goods, uniforms, fixtures, furnishings, signs, equipment, and methods of product preparation and delivery that do not meet our standards and specifications. You may offer for sale only those products that are expressly approved for sale at your ABC bakery/cafe, in writing, in advance, by us. We do require that you stock and offer for sale at least all of the items prescribed by us in our Operations Manuals or otherwise in writing at an ABC bakery/cafe, unless we, in our sole discretion, approve a variation. We have the right to modify any of our specifications, standards and requirements at any time we deem necessary, and you must promptly modify your operations accordingly.

Although you have limited discretion in determining the menu for your ABC bakery/cafe, you do have discretion in determining what to charge for your products. We may offer advice on pricing strategy, but final pricing decisions will be yours, except that to the extent permitted by law, we will have the right to establish maximum prices for any given product or service offered by you. You should also be aware that collaboration with other franchisees in establishing prices might be considered a violation of state and federal laws. You should consult your own attorney if you have any questions in this area.

We do encourage you to implement new menu items for sale at your ABC bakery/cafe, but we do require that any ideas you may have for new products be approved by us before you offer them for sale. Our approval of any new menu item will be based on our standards and specifications for quality, uniformity and adherence to the overall System image and will become the property of ABCI if accepted as a menu item. Our procedure for approval is described in Item 8 of this Disclosure Document.

You must keep your ABC bakery/cafe open for the hours specified in the Operations Manuals unless we permit otherwise. You may not use your bakery/cafe premises for any purpose other than the operation of an ABC bakery/cafe. You may only advertise locally through pre-approved media, including periodicals, radio, television, outdoor signs on billboards or buildings, handbills, flyers and direct mail.

You are not restricted as to the customers you may serve at your ABC bakery/cafe.

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Item 17

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

These tables list certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

Franchise Agreement

Provision*	Section in Franchise Agreement	Summary of Franchise Agreement Provisions
a. Term	Section 1.3	Term commences on the bakery/cafe opening date and ends 10 years after the bakery/cafe opening date.
b. Renewal or Extension of the Term	Section 1.8	At our sole option, you may renew your franchise for 1 additional consecutive 10-year term; after that, you will have no right to renew the Franchise Agreement. You must also meet the requirements in (c) below.
c. Requirements for You to Renew or Extend	Section 1.8	You must deliver written notice of your desire to renew not less than 180 days prior to end of initial term; you must renovate bakery/café as we may require to reflect then-current image and standards; you must provide evidence of right to remain in possession of premises; you must sign then-current form of franchise agreement; you must pay renewal fee; you must not be in default when renewal request given or at any time thereafter prior to expiration of initial term; you must not have had 3 or more defaults for failure to pay any sums due us or our affiliates; you must have fully and faithfully complied with terms of franchise agreement during initial term; you must have satisfied all monetary obligations; you and your owners must have executed a general release; you must comply with our then-current qualification and training requirements; you must have a sound credit rating and sufficient financial resources to continue to operate franchise. You may be asked to sign a new Franchise Agreement with materially different terms and conditions than your original Franchise Agreement.
d. Termination by You	Section 20.6	If we commit material breach of Franchise Agreement and do not cure or make diligent efforts to cure within 90 days

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Provision*	Section in Franchise Agreement	Summary of Franchise Agreement Provisions
		written notice by you. If the breach is not curable within 90 days, we have an additional 30 days to cure if we are making good faith efforts to do so.
e. Termination by Us Without Cause	Not applicable	None.
f Termination by Us With Cause	Sections 20.1, 20.2, 20.3 and 20.4	We can terminate only if you default or if certain events (described in (h) and (i) below) occur. In some instances, you will have an opportunity to cure the default.
g. "Cause" Defined - Defaults Which Can be Cured	Sections 20.3 and 20.4	Failure to comply with our standards and procedures or any term of the Franchise Agreement not covered by "h" below. You generally will have 30 days after we give you written notice to cure the default. You will have 10 days to cure monetary defaults and defaults due to failure to pay taxes and tiiird-party obligations.
h. "Cause" Defined - Defaults Which Cannot be Cured	Sections 20.1 and 20.2	Bankmptcy; insolvency; assignment for the benefit of creditors; appointment of a receiver; final judgment against you remains unsatisfied or of record for 30 days or longer; execution of levy against your business or property; foreclosure suit is filed against premises or equipment and is not dismissed within 30 days; dissolution; lease or sub-lease expires or is terminated prior to end of franchise term; failure to comply with pre-opening obligations or you fail to open the bakery/cafe for business on or prior to the end of the Pre-Opening Period; failure to procure or maintain required insurance; abandonment of the business; failure to maintain required operating hours for 1 business day; relocation without our approval; loss of possession of bakery/cafe premises; conviction of a felony or crime involving moral turpitude; unauthorized transfer; failure to comply with non-competition and confidentiality covenants; making of material misrepresentations; engaging in fraudulent conduct; deny us immediate access to bakery/cafe prenuses or books or records for audit or inspection; failure to immediately initiate cure of a curable default; default under Franchise Agreement or any related agreement and failure to cure such default if curable; engaging in illegal activities; assaulting or threatening health or safety of others; engaging in repeated or pattem of abusive behavior against others; failure to comply with applicable laws; engaging in conduct that creates material

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Provision*	Section in Franchise Agreement	Summary of Franchise Agreement Provisions
		risk of danger to health or safety; conduct that is injurious to the goodwill associated with Marks; receipt of 2 or more default notices within 12-month period; default under terms of lease , sublease or mortgage; allowing baker not certified by us to prepare any baked goods; failure to pay when due any supplier at least 3 times within 18-month period; if an audit or inspection discloses an understatement of four percent (4%) or more in any report of Gross Sales or any payment to us; default under Development Agreement; designation as a Specially Designated National or Blocked Person.
i. Your Obligations on Termination/Non-renewal	Section 21.1	Cease operation; complete de-identification and discontinue all use of the Marks; pay all sums due; cancel any assumed or fictitious name that contains a Mark; at our option, surrender physical possession of bakery/café to us and assign to us any lease/sublease, any licenses or permits, and any telephone numbers, directory listings, website URLs and email addresses; return our confidential/proprietary information, including Manuals and POS program and documentation; at our option, sell to us all of your inventory at cost and all of your equipment, fixtures and signs at depreciated value; at our option, sell to us the bakery/cafe premises if you or any affiliate or principal of yours own the premises; refrain from using our proprietary menu items, recipes, and methods of food preparation; comply with non-competition and confidentiality covenants; maintain records for at least I year; and allow us to inspect and audit books and records within that year. Cross-Termination of Agreements: If we terminate you because of your defauh, we may, at our option, immediately terminate, upon notice, all other agreements between (i) us (or our affiliates), and (ii) you or your affiliates or any entity in which you or any principal, manager, partner or joint venture of you (if the franchisee is an entity), directly or indirectly, has any interest of ownership or participation. This could include other franchise agreements you or your principals have with us. If the franchise agreement expires (and is not renewed), we may terminate any other agreements relating to your franchised

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Provision*	Section in Franchise Agreement	Summary of Franchise Agreement Provisions
		bakery/cafe. (See also (r) below).
j. Assignment of Contract by Us	Section 11.1	No restriction on our right to assign.
k. "Transfer" by You - Definition	Section 11.2; Exhibit E-Definitions	Includes transfer of Franchise Agreement, any interest in Franchise Agreement, any interest in the franchised business, or any equity interest in you if you are an entity or any equity interest in any owners of you if they are an entity.
I. Our Approval of Transfer by You	Section 11.2	We have the right to approve all transfers, our consent not to be unreasonably withheld.
m. Conditions for Our Approval of Transfer	Section 11.3	Transferee qualifies; you are not in default tmder the Franchise Agreement or any related agreement; you pay all sums due and owing in immediately available funds; transferee completes training; if you are not in compliance with our policies, standards or procedures, transferee agrees to achieve compliance within a reasonable period of time; transferee executes the then-current form of Franchise Agreement with, at our option, either a new term or your remaining term; transferee executes related agreements required by us, including personal guarantees; transferee is not associated with and does not own interest in competitive bakery/cafe; transfer is in compliance with any laws that apply to the transfer; transferee, at its expense, remodels and upgrades the bakery/cafe to conform to then-current standards and specifications; you remain liable for all obligations of the franchise prior to date of transfer; pay transfer fee; sign general release (if not prohibited by applicable state law); you have offered to sell the interest to us pursuant to our right of first refusal, and we have declined; terms and conditions of proposed transfer are satisfactory to us.
n. Our Right of First Refusal to Acquire Your Business	Section 11.5	We can match any offer for the transfer of your business or any ownership interest.
o. Our Option to Purchase Your Business	Sections 11.5 and 21.1(g)	We have an option to purchase your business only upon transfer by you or termination.

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Provision*	Section in Franchise Agreement	Summary of Franchise Agreement Provisions
p. Your Death or Disability	Section 11.6	Your bakery/cafe must be transferred to an approved buyer within 6 months.
q. Non-competition Covenants During the Term of the Franchise	Sections 12.2, 14.1, and 14.4; Section 3 of "Personal Covenants" Exhibit E	You and your affiliates and principals must not be involved in a competitive restaurant or food service business located within 5 miles of your franchise location or of any bakery/cafe being operated by any franchisee. You and your affiliates and principals must not employ or seek to employ or induce to leave their employment any of our employees or employees of our affiliates; in such event, you must pay liquidated damages equal to 30% of the then-current annual salary (including bonuses) of such employee.
r. Non-competition Covenants After the Franchise is Terminated or Expires	Sections 12.2, 14.2, and 14.4; Section 3 of "Personal Covenants" Exhibit E	You and your affiliates and principals must not be involved in a competitive restaurant or food service business, located within 5 miles of your franchise location or of any bakery/café being operated by any franchisee as of the date of termination of the Franchise Agreement, for three (3) years following expiration or termination of the Franchise Agreement. You and your affiliates and principals must not employ or seek to employ or induce to leave their employment any of our employees or employees of our affiliates for one year following expiration or termination of the Franchise Agreement; in such event, you must pay liquidated damages equal to 30% of the then-current annual salary (including bonuses) of such employee.
s. Modification of the Agreement	Sections 3.1, 3.2, 3.3, 3.4, 28.2.c., 7.1, 27.3	No modifications to Franchise Agreement unless mutually agreed to by the parties, but System, Marks and Manuals subject to change by us.
t. Integration/Merger Clause	Section 27.2	Only terms of Franchise Agreement and related agreements are binding (subject to state law).
u. Dispute Resolution by Arbitration or Mediation	Not applicable	Disputes not required to be resolved by arbitration or mediation.
v. Choice of Forum	Section 23.3	Dispute resolution must be in Georgia except where individual state laws supersede or where we bring an action in another state.
w. Choice of Law	Section 23.1	Georgia law applies except where individual state laws

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Provision*	Section in Franchise Agreement	Summary of Franchise Agreement Provisions
		supersede.

Multi-Unit Development Agreement

Provision*	Article in Development Agreement	Summary of Development Agreement Provisions
a. Term	Section 2	Varies depending on development schedule.
b. Renewal or Extension of the Term	Not applicable	None
c. Requirements for You to Renew or Extend	Not applicable	None
d. Termination by You	Not applicable	None
e. Termination by Us Without Cause	Not applicable	None
f. Termination by Us With Cause	Section 13	We can tenninate only if you default or if certain events (described in (h) below) occur.
g. "Cause" Defined - Defaults Which Can be Cured	Not applicable	None
h. "Cause" Defined - Defaults Which Cannot be Cured	Section 13	Death of developer (if an individual); bankruptcy; insolvency; appointment of receiver; assignment for the benefit of creditors; failure to comply with development schedule; unauthorized transfer or assignment; material misrepresentation by you; any violation of any laws relating to the construction or operation of any bakery/cafe developed under the Development Agreement; deviation from the plans and specifications approved for your specific site or any violation of the specific provisions of the Development Agreement; termination of any Franchise Agreement or related agreement or uncured default imder Franchise Agreement or related agreement

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Provision*	Article in Development Agreement	Summary of Development Agreement Provisions
i. Your Obhgations on Termination/Non-renewal	Section 14	Rights under Development Agreement extinguished.
j. Assignment of Contract by Us	Section 17	No restriction on our right to assign.
k. "Transfer" by You - Definition	Section 17	Includes transfer of Development Agreement or any ownership change.
I. Our Approval of Transfer by You	Sections 13 and 17	Transfers without our consent are a default under the Development Agreement.
m. Conditions for Our Approval of Transfer	Not applicable	None
n. Our Right of First Refusal to Acquire Your Business	Not applicable	None
o. Our Option to Purchase Your Business	Not applicable	None
p. Your Death or Disability	Section 13	Development Agreement immediately terminates without notice upon your death (if developer is an individual.
q. Non-competition Covenants During the Term of the Franchise	16	You and your affiliates and principals must not be involved in a competitive restaurant or food service business within the geographic area to which development rights are granted or within five miles of any bakery café operated by a franchisee.
r. Non-competition Covenants After the Franchise is Terminated or Expires	16	You and your affiliates and principals must not be involved in a competitive restaurant or food service business within the geographic area to which development rights are granted or within five miles of any bakery café operated by a franchisee ads of the date of termination of the Agreement.

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Provision*	Article in Development Agreement	Summary of Development Agreement Provisions
s. Modification of the Agreement	Section 24	No modifications except in writing signed by all parties.
t. Integration/Merger Clause	Section 24	Only terms of Development Agreement are binding (subject to state law).
u. Dispute Resolution by Arbitration or Mediation	Not applicable	Disputes not required to be resolved by arbitration or mediation.
v. Choice of Forum	Section 19	Dispute resolution must be in Georgia except where individual state laws supersede or where we bring an action in another state.
w. Choice of Law	Section 19	Georgia law applies except where individual state laws supersede.

The following states have statutes which may supersede the Franchise Agreement and other related agreements in your relationship with us. These statutes may affect the enforceability of provisions in the agreements related to termination; transfer; renewal; covenants not to compete; choice of law; jurisdiction; venue selection; execution of waivers and releases of claims; injunctive relief; waiver of rights to jury trial; punitive and liquidated damage provisions and other remedies; arbitration; and discrimination between franchisees.

These and other states may have fair practice laws and other civil statutes affecting contracts and state and federal court decisions that may also affect the enforcement of provisions in the Franchise Agreement and other related agreements.

We reserve the right to challenge the enforceability of any state law that declares void or unenforceable any provision in the Franchise Agreement by bringing an appropriate legal action or raising the claim in a legal action that you initiate.

A provision in the Franchise Agreement which terminates the agreement upon your bankruptcy may not be enforceable under Title 11, United States Code, Section 101.

See Exhibit I in the Franchise Agreement and Exhibit C in the Multi-Unit Development Agreement for additional State-specific provisions which may apply in your State. You should also confer with your attorney concerning any legal rights you may have under your particular state laws.

Item 18

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PUBLIC FIGURES

We do not use any public figure to promote our franchise.

Item 19

FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to disclose information about the actual or potential financial performance of its franchised and/or company operated outiets, if there is a reasonable basis for the information, and the information is included in the disclosure document. Financial performance information that differs from the information included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance for the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may proivde you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Basil Couvaras, c/o Atlanta Bread Company International, Inc., 1200 Wilson Way, Suite 100, Smyrna, Georgia 30082, (770) 432-0933 the Federal Trade Commission and the appropriate state regulatory agencies.

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Item 20

OUTLETS AND FRANCHISEE INFORMATION

Data for all tables below is for the periods:

2008: 1-1-2007 through 12-31-2008
2009: 1-1-2008 through 12-31-2009
2010: 1-1-2009 through 12-31-2010

Table No. 1

System-wide Outlet Summary
For Years 2007 to 2009

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Charge
Franchised	2008	114	99	-15
	2009	99	83	-16
	2010	83	71	-16
Company Owned	2008	8	5	-3
	2009	5	6	+1
	2010	6	6	0
Total Outlets	2008	122	104	-18
	2009	104	89	-15
	2010	89	77	-12

Table No. 2

Transfer of Outlets From Franchisees to New Owners
(Other than Franchisor)
for Years 2008 to 2010

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Arizona	2008	0
	2009	0
	2010	0
Colorado	2008	0
	2009	0
	2010	0
Florida	2008	0
	2009	0
	2010	0
Georgia	2008	2
	2009	1
	2010	0
Illinois	2008	0
	2009	0

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Transfer of Outlets From Franchisees to New Owners (Other than Franchisor) for Years 2008 to 2010		
	2010	0
Kentucky	2008	0
	2009	0
	2010	1
Maryland	2008	1
	2009	0
	2010	0
Nevada	2008	0
	2009	0
	2010	0
New Jersey	2008	2
	2009	0
	2010	0
New York	2008	0
	2009	0
	2010	0
North Carolina	2008	0
	2009	0
	2010	0
Ohio	2008	0
	2009	0
	2010	0
South Carolina	2008	0
	2009	1
	2010	0
Tennessee	2008	0
	2009	0
	2010	0
Virginia	2008	0
	2009	0
	2010	0
Wisconsin	2008	0
	2009	0
	2010	0
Total	2008	5
	2009	2
	2010	1

Table No. 3

Status of Franchised Outlets For Years 2008 to 2010								
Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at the end of the Year

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Status of Franchised Outlets
For Years 2008 to 2010

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non-Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations Other Reasons	Col. 9 Outlets at the end of the Year
AL	2008	3	0	0	0	0	0	3
	2009	3	0	0	0	0	0	3
	2010	3	0	0	0	0	0	3
AZ	2008	0	0	0	0	0	0	0
	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
AR	2008	2	0	0	0	0	0	2
	2009	2	0	0	0	2	0	0
	2010	0	0	0	0	0	0	0
CO	2008	3	0	0	0	0	0	3
	2009	3	0	0	0	0	0	3
	2010	3	0	0	0	0	0	3
CT	2008	2	0	1	0	0	0	1
	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
FL	2008	15	2	3	0	0	0	14
	2009	14	0	0	0	0	7	7
	2010	7	0	0	0	0	0	4
GA	2008	23	0	3	0	0	0	20
	2009	20	0	0	0	0	2	18
	2010	18	0	0	0	0	0	17
IL	2008	2	0	1	0	0	0	1
	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	1	
IN	2008	1	0		0	0	1	0
	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
KS	2008	1	0	0	0	0	0	1
	2009	1	0	0	0	0	1	0
	2010	0	0	0	0	0	0	0
KY	2008	1	0	0	0	0	0	1
	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
MD	2008	1	1	0	0	0	0	2
	2009	2	0	0	0	0	0	2
	2010	2	0	0	0	0	0	2
MI	2008	2	0	1	0	0	0	1
	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	1	0
MO	2008	1	0	0	0	0	0	1
	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	1	0
MS	2008	0	1	0	0	0	0	1
	2009	1	0	0	0	0	0	1

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Status of Franchised Outlets
For Years 2008 to 2010

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non-Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations Other Reasons	Col. 9 Outlets at the end of the Year
	2010	1	0	0	0	0	0	1
NV	2008	1	0	0	0	0	0	1
	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
NJ	2008	6	0	0	0	0	0	6
	2009	6	0	0	0	0	1	5
	2010	5	0	0	0	0	0	5
NY	2008	4	0	3	0	0	0	1
	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
NC	2008	5	0	0	0	0	0	5
	2009	5	0	0	0	0	0	5
	2010	5	0	0	0	0	0	5
OH	2008	1	0	1	0	0	0	0
	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
OK	2008	1	0	0	0	0	0	1
	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
PA	2008	1	0	0	0	0	0	i
	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
RI	2008	0	0	0	0	0	0	0
	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
SC	2008	19	0	1	0	1	0	17
	2009	17	0	0	0	0	i	16
	2010	16	1	0	0	0	0	17
TN	2008	6	0	1	0	0	0	5
	2009	5	0	0	0	0	1	4
	2010	4	0	0	0	0	1	3
TX	2008	4	0	2	0	0	0	2
	2009	2	0	0	0	0	0	2
	2010	2	0	0	0	0	1	1
VA	2008	2	0	0	0	0	0	2
	2009	2	0	0	0	0	0	2
	2010	2	0	0	0	0	0	2
WI	2008	7	0	0	0	0	0	7
	2009	7	0	0	0	0	1	6
	2010	6	0	0	0	1	4	1
Totals	2008	114	4	17	0	1	1	99
	2009	99	0	0	0	2	14	83
	2010	83	1	0	0	1	12	71

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Table No. 4

Status of Company Owned Outlets
For Years 2008 to 2010

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired From Franchisees	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchises	Col. 8 Outlets at End of Year
AR	2008	0	0	0	0	0	0
	2009	0	0	2	0	0	0
	2010	2	0	0	0	0	2
FL	2008	0	0	0	0	0	0
	2009	0	0	1	1	0	0
	2010	0	0	0	0	0	0
GA	2008	4	0	0	1	0	3
	2009	3	0	0	0	0	3
	2010	3	0	0	0	0	3
MD	2008	3	0	0	1	1	1
	2009	1	0	0	0	0	1
	2010	1	0	0	0	0	1
SC	2008	0	0	1	0	0	1
	2009	1	0	0	0	0	1
	2010	0	0	0	0	1	0
TN	2008	1	0	0	1	0	0
	2009	0	0	0	0	0	0
	2010	0	0	0	0	0	0
WI	2008	0	0	0	0	0	0
	2009	0	0	0	0	0	0
	2010	0	0	1	0	0	1
Total	2008	8	0	1	3	1	5
	2009	5	0	3	1	1	6
	2010	6	0	1	0	1	6

Table No. 5

Projected Openings
As of December 31, 2010

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened*	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlets in the Next Fiscal Year
Colorado	0	0	0
Connecticut	0	0	0
Florida	6	0	0
Georgia	1	2	1
Illinois	4	0	0
Kansas	0	0	0
Massachusetts	0	0	0
Maryland	0	0	0
Michigan	0	0	0

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Projected Openings As of December 31, 2010			
Column 1	Column 2	Column 3	Column 4
State	Franchise Agreements Signed But Outlet Not Opened*	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Mississippi	1	0	0
Nevada	1	0	0
New York	10	0	0
South Carolina	0	0	0
Tennessee	4	0	0
Total	27	2	1

*Includes franchisees with signed Multi-Unit Development Agreements that contain options to develop that have lapsed by their terms. See Exhibit E for list of Franchisees with locations that were not operational at the end of 2010

A list of the names of all franchisees and the addresses and telephone numbers of their outlets are listed in Exhibit E to this Disclosure Document. The name, address and current business telephone number, or if unknown, the last known home telephone number, of every franchisee who has had an outlet terminated, canceled, not renewed, reacquired by us, or who has otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the date of this Disclosure Document is detailed in Exhibit E. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, we have signed confidentiality clauses with certain current or former franchisees. Each confidentiality agreement was entered into as part of a settlement of a dispute between us and the current or former franchisee. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the Atlanta Bread Company franchise system. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

TRADEMARK SPECIFIC FRANCHISEE ORGANIZATIONS

The following organization was created by the franchisor:

ABC Presidents Advisory Council
The Council has no specific address, telephone number, email address or Web address.

The following independent franchisee organization has asked to be included in this Disclosure Document:

Association of Atlanta Bread Franchisees
Mirmeapolis, Mirmesota
No address, telephone number, email address or Web address were provided by this organization.

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Item 21

FINANCIAL STATEMENTS

The following audited financial statements of Atlanta Bread Company International, Inc. and Subsidiary are attached to this Disclosure Document as Exhibit A:

1. Consolidated Financial Statements of Atlanta Bread Company International, Inc. and Subsidiary for the years ended December 31, 2010 and December 31, 2009

2. Consolidated Financial Statements of Atlanta Bread Company International, Inc. and Subsidiary for the years ended December 31, 2009 and December 31, 2008

Exhibit A (or an addendum to this Disclosure Document) may also include more recent unaudited interim financial statements of Atlanta Bread Company International, Inc. THESE INTERIM FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS OR HER OPINION WITH REGARD TO THE CONTENT OR FORM.

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Item 22

CONTRACTS

The contracts listed in this Item 22 are listed in the order in which they appear in this Disclosure Document. These are the only contracts which we will enter into with you before you begin operating your franchise.

1. Franchise Agreement (Exhibit B to Disclosure Document)

   The following additional contracts or agreements are attached as Exhibits to the Franchise Agreement:

   a. Accepted Location Addendum (Exhibit A)
   b. Confidentiality Agreement (Exhibit B)
   c. Guarantee (Exhibit C)
   d. Personal Covenants (Exhibit E)
   e. Franchisee Information (Exhibit F)
   f. Addendum to Lease (Exhibit G)
   g. Bakery/Cafe Opening Date Addendum (Exhibit H)
   h. State Addenda to Franchise Agreement (Exhibit I)

2. Multi-Unit Development Agreement

   The following additional contracts or agreements are attached as Exhibits to the Multi-Unit Development Agreement:

   a. Franchised Territory (Exhibit A)
   b. Development Schedule (Exhibit B)
   c. State Addenda to Multi-Unit Development Agreement (Exhibit C)

Item 23

RECEIPTS

The last 2 pages of this Disclosure Document are detachable Receipts acknowledging your receipt of this Disclosure Document. Please sign, date and return 1 copy of the Receipt to us and keep the other copy for your records.

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EXHIBIT A

FINANCIAL STATEMENTS

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ATLANTA BREAD COMPANY INTERNATIONAL, INC. (A WHOLLY OWNED SUBSIDIARY OF SPRINGTIME HOUSE, INC.) AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2010 AND 2009

with

INDEPENDENT AUDITORS' REPORT

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SMITH & HOWARD
Certified Public Accountants and Advisers

INDEPENDENT AUDITORS' REPORT

Board of Directors
Atlanta Bread Company International, Inc.

We have audited the accompanying consolidated balance sheet of Atlanta Bread Company International, Inc. (a wholly owned subsidiary of Springtime House, Inc.) and Subsidiary as of December 31, 2010 and 2009 and the related consolidated statements of income and retained earnings and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Atlanta Bread Company International, Inc. and Subsidiary as of December 31, 2010 and 2009 and the consolidated results of operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Notes 3 and 4, the Company has significant transactions with related parties.

Smith + Howard

April 26, 2011

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ATLANTA BREAD COMPANY INTERNATIONAL, INC.
AND SUBSIDIARY
CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2010 AND 2009

ASSETS

	2010	2009
Current Assets		
Cash and cash equivalents	$ 446,413	$ 314,648
Accounts receivable from franchisees, net of allowance for doubtful accounts of $49,734 and $115,813	1,249,628	2,183,962
Inventory	20,826	20,826
Prepaid expenses and other current assets	203,268	281,026
Deferred income taxes	146,389	93,050
Total Current Assets	2,056,524	2,893,512
Property and Equipment, Net	66,464	166,316
Due from Affiliates	8,770,964	6,034,578
Deferred Income Taxes	217,933	315,280
Deferred Franchise Costs	38,404	46,021
	$ 11,160,294	$ 9,455,707

LIABILITIES AND SHAREHOLDER'S EQUITY

Current Liabilities		
Accounts payable	$ 293,013	$ 472,213
Current portion of capital lease obligations	5,042	-
Borrowings under line of credit	875,000	517,500
Income taxes payable to parent	643,881	7,780
Unredeemed gift card liability	1,253,666	1,190,289
Accrued and other liabilities	401,689	448,688
Total Current Liabilities	3,472,291	2,636,470
Capital Lease Obligations, Net of Current Portion	19,761	-
Deferred Franchise Revenue	315,000	385,000
Deferred Rent	9,153	8,681
Loan from Director	209,785	216,254
Due to Parent Company	1,191,711	1,224,110
Other Liabilities	22,751	22,752
Commitments and Contingencies		
Shareholder's Equity		
Common Stock, $1 par value; 100,000 shares authorized; 1,000 shares issued and outstanding	1,000	1,000
Retained earnings	5,918,841	4,961,440
	5,919,841	4,962,440
	$ 11,160,294	$ 9,455,707

The accompanying notes are an integral part of these financial statements.

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ATLANTA BREAD COMPANY INTERNATIONAL, INC.
AND SUBSIDIARY
CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
Revenues		
Royalties	$ 3,824,116	$ 4,132,249
Franchise fees	55,000	185,000
License fees	686,632	812,470
	4,565,748	5,129,719
Operating Expenses		
Compensation	1,256,830	1,381,114
Depreciation	151,483	165,750
Other operating expenses	1,423,605	2,184,488
	2,831,918	3,731,352
Income from Operations	1,733,830	1,398,367
Other Income (Expense)		
Interest income	1,506	14,578
Interest expense	(62,006)	(42,654)
	(60,500)	(28,076)
Income Before Income Taxes	1,573,330	1,370,291
Income Tax Expense	715,929	435,573
Net Income	957,401	934,713
Retained Earnings, Beginning of Year	4,961,440	4,026,727
Retained Earnings, End of Year	$ 5,918,841	$ 4,961,440

The accompanying notes are an integral part of these financial statements.

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ATLANTA BREAD COMPANY INTERNATIONAL, INC.
AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
Cash Flows from Operating Activities:		
Net income	$ 957,401	$ 934,713
Adjustments to reconcile net income to net cash provided by operating activities:		
Deferred franchise revenue recognized	(55,000)	(110,000)
Depreciation on property and equipment	151,483	165,750
Non cash increase (decrease) in deferred rent	472	(43,112)
Bad debt expense	246,218	142,695
Amortization of deferred franchise costs	7,617	18,725
Deferred income tax expense	44,003	77,768
Changes in operating assets and liabilities:		
Accounts receivable	688,116	(263,215)
inventory	-	2,775
Prepaid expenses and other current assets	77,758	(48,356)
Bank overdraft	-	(285,655)
Accounts payable	(179,200)	210,588
Advances to affiliates-income taxes	636,101	(239,203)
Accrued and other liabilities	16,377	(51,438)
Deferred franchise revenue	(15,000)	(30,000)
Other long term liabilities	-	(917)
Net Cash Provided by Operating Activities	2,576,346	481,116
Cash Flows from Investing Activities:		
Purchases of property and equipment	(22,681)	(34,453)
Net Cash Required by Investing Activities	(22,681)	(34,453)
Cash Flow from Financing Activities:		
Borrowings (repayments) under line of credit, net	357,500	(388,308)
Principal payments on capital lease obligations	(4,147)	(12,724)
Loan from Director	(6,468)	216,254
Advances to affiliates, net	(2,736,386)	(859,345)
Decrease in due to parent company, net	(32,399)	-
Net Cash Required by Financing Activities	(2,421,900)	(1,044,123)
Net Increase (Decrease) in Cash and Cash Equivalents	131,765	(597,458)
Cash and Cash Equivalents, Beginning of Year	314,648	912,106
Cash and Cash Equivalents, End of Year	$ 446,413	$ 314,648
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for:		
Interest	$ 62,006	$ 42,654
Supplemental Disclosure of Noncash Investing Activities:		
Property and equipment acquired under capital leases	$ 28,950	$ -

The accompanying notes are an integral part of these financial statements.

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ATLANTA BREAD COMPANY INTERNATIONAL, INC.
AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Atlanta Bread Company International, inc. ("ABCI") is a wholly owned subsidiary of Springtime House, Inc. ("Springtime"), a Georgia Corporation.

ABCI sells retail bakery and café restaurant franchises under the Atlanta Bread Company trademark (the "Trademark") in the United States. The terms of the franchise agreement require franchisees to pay ABCI (i) an initial franchise fee of up to $40,000 in exchange for the ABCI's assistance in franchisee site selection, training. implementation of a quality control system, and store opening, (ii) a weekly royalty fee equal to 5% of gross revenues, and (iii) a weekly advertising fee equal to 2 to 3% of gross revenues.

At December 31, 2010, there were 75 franchised retail bakery cafés, 7 corporateiy managed retail bakery cafés owned by an affiliated entity, and 14 franchise development agreements for bakery cafés to be opened In the future.

ABCI, through its wholly owned subsidiary Autumntime LLC ("Autumntime"), also licenses the use of the Trademark, the Atlanta Bread Company Copyright, and certain other proprietary information to affiliates of the Company related through common ownership in exchange for an annual fee of $300,000 and a monthly fee equal to 21% of gross royalty and franchise revenues. These license agreements expire annually on September 30th and are subject to automatic annual renewal.

Consolidation

The consolidated financial statements include the accounts of ABCI and its wholly owned subsidiary, Autumntime LLC and are collectively referred to as the "Company". Ail Intercompany accounts and balances have been eliminated in consolidation.

Basis of Presentation

The Company prepares its financial statements using the accrual basis of accounting.

The Company follows accounting standards set by the Financial Accounting Standards Board ("FASB"). The FASB sets accounting principles generally accepted in the United States of America ("GAAP").

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recoanition

Initial franchise fees relating to franchise sales are deferred arid recognized upon the opening of a franchised bakery café. The long-term portion of deferred franchise revenue relates to franchise fees for bakery café openings that are not anticipated in the year subsequent to the reporting period. The Company recognizes royalty, advertising, and license fees as the franchisees and affiliates recognize the revenues upon which such royalties, advertising, and license fees are based. The Company provides allowances on fees recognized for potential uncollectible accounts.

Franchise Costs

The Company defers direct costs related to initial franchise fee revenue consisting primarily of sales commissions until it recognizes initial franchise fee revenue. The Cbmpahy expenses indirect costs associated with the opening of restaurant franchises when incurred.

Cash and Cash Eouivaients

Cash and cash equivalents consist of highly liquid instruments with original maturities of three months or less when purchased.

Concentration of Credit Risk

The Company's financial instruments are exposed to concentrations of credit risk consisting primarily of cash and cash equivalents and accounts receivable. The Company maintains its cash with high quality credit institutions. Management continually monitors receivable balances and believes that its exposure to credit risk is limited. At times such investments may be in excess of federally insured limits. As a result of liquidity issues experienced in the global credit and capital markets, it is at least reasonably possible that changes in risks in the near term could occur which in turn could materially affect the amounts reported in the accompanying consolidated financial statements.

Accounts Receivable from Franchisees

Accounts receivable from franchisees are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory

Inventory consists of marketing materials and is stated at the lower of cost or market using the first-in, first-cut ("FIFO") valuation method.

Property and Equipment

Property and equipment are stated at cost and depreciated using the straight-line method over the estimated useful lives of the related assets ranging from three to ten years.

Income Taxes

The Company files a consolidated federal income tax return with its parent and records its share of the consolidated federal income tax expense on a separate return basis. The Company's current federal income tax expense of $550,348 and $355,457 is included in the income taxes payable to parent on the Company's consolidated balance sheet at December 31, 2010 and 2009, respectively. State income tax returns are filed separately by the Company.

The Company accounts for income taxes in accordance with GAAP. This prescribes the use of the liability method whereby deferred tax asset and liability account balances are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted rates and laws that will be in effect when the differences are expected to reverse. The Company provides a valuation allowance, if necessary, to reduce deferred tax assets to their estimated realizable value.

Effective January 1, 2009, the Company adopted new accounting provisions for accounting for uncertainty In income taxes by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in the consolidated financial statements. The Company utilizes a two-step approach for evaluating tax positions. Recognition occurs when the Company concludes that a tax position, based solely on its technical merits, is more likely than not to be sustained upon examination. Measurement is only addressed if recognition has been satisfied. Under measurement, the tax benefit is measured at the largest amount of benefit, determined on a cumulative probability basis that Is more likely than not to be realized upon final settlement. The term "more likely than not" is interpreted to mean that the likelihood of occurrence is greater than 50%. As of the adoption date and at December 31, 2010, the Company had no unrecognized tax benefits. The Company recognizes penalties and interest accrued related to unrecognized tax benefits in income tax expense. There have been no income tax related penalties or interest recognized in 2010 or 2009.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (continued)

The Company files income tax returns in the U.S. federal and various state tax jurisdictions. In the normal course of business, the Company is subject to examination by the federal and state taxing authorities. In general, the Company is no longer subject to tax examinations for tax years ending before December 31, 2007.

Use of Estimates

The preparation of the Company's consolidated financial statements in conformity with GAAP requires that management make estimates and assumptions which affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities as of the date of the consolidated financial statements, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising Funds

The Company maintains a cooperative advertising fund that receives contributions from its franchisees and an affiliate, based on a percentage of sales, as required by their franchise agreements. These funds are used exclusively for brand advertising. The advertising fund is consolidated in the accompanying consolidated financial statements. At December 31, 2010 and 2009, the unrestricted net deficit included in retained earnings was approximately $13,000.

Subsequent Events

Management has evaluated subsequent events through April 26, 2011, the date which the consolidated financial statements were available to be issued.

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NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31:

	2010	2009
Property and equipment, at cost		
Computers and equipment	$ 810,441	$ 775,906
Furniture and fixtures	384,938	381,446
Leasehold improvements	799,452	785,848
	1,994,831	1,943,200
Accumulated depreciation and amortization	(1,928,367)	(1,776,884)
	$ 66,464	$ 166,316

NOTE 3 – AFFILIATE TRANSACTIONS

The Company regularly conducts business with affiliates related through common ownership. The Company advances non-interest bearing funds to certain affiliates as needed for operations. Repayment of the advances is based on the affiliates' cash flow availability. Transactions with affiliates consist of the following:

The Company receives license revenue from affiliates for the use of Atlanta Bread Company trademarks, copyrights, and other proprietary information. License fees earned in 2010 and 2009 were $686,632 and $812,470, respectively.

The Company allocates costs to affiliates for certain direct and shared operating expenses paid by the Company on behalf of the affiliates. The costs allocated under this arrangement for 2010 and 2009 were $1,580,610 and $1,347,545, respectively. These amounts reduced the Company's other operating expenses and unpaid amounts at December 31, 2010 and 2009 and amounts still unpaid are included in the Due from Affiliates balance.

In 2009, a Director of the Company loaned the Company funds for general working capital needs of the business. The loan bears interest at 4% per annum. There are no regularly scheduled principal payments on this loan, and payments are at the discretion of the Company when cash flow is sufficient. The principal amount outstanding is $209,786 and $216,254 at December 31, 2010 and 2009, respectively.

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NOTE 4 – DUE TO PARENT COMPANY

Due to parent company consists of an unsecured note, as amended, plus accrued interest, payable to Summertime House, Ltd. the holding entity of Springtime. Interest accrues on the unpaid principal at prime plus 10% per annum (13.25% as of December 31, 2010). Repayment of the note payable is based on the Company's available cash flow.

To assist with interim cash flow, the parent company charged no interest for 2010 and 2009. Interest charges will be reinstated and accrued on the unpaid principal and accrued interest when cash flow is sufficient. Principal and accrued interest due to Summertime House, Ltd. under the note was $1,191,711 and $1,224,110 at of December 31, 2010 and 2009, respectively.

NOTE 5 – COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company leases buildings and equipment under noncancelable operating leases expiring through 2013. Future minimum lease payments, net of sublease rental income, under the noncancelable operating leases as of December 31, 2010 are as follows for years ending December 31:

	Rental Expense	Rental Income	Total
2011	$ 490,522	$ (282,718)	$ 207,804
2012	479,564	(288,380)	191,184
2013	114,564	(72,449)	42,115
	$ 1,084,650	$ (643,547)	$ 441,103

Lease expense for 2010 and 2009 under these operating leases, net of sublease rental income, was approximately $248,000 and $396,000, respectively.

Lease Guarantees

The Company is a guarantor for 2 franchisee store leases as of December 31, 2010. The respective franchisees have primary liability for these operating leases. The leases have terms expiring in 2011 and 2012, and the guarantees have potential future rental payments of approximately $270,000. The contingent obligation from guarantees will continue to decrease over time as these operating leases expire or are not renewed. Accrued lease expense for the fair value of the franchisee lease guarantees approximated $31,000 as of 2009 and there was no accrual deemed necessary at December 31, 2010.

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NOTE 5 – COMMITMENTS AND CONTINGENCIES (Continued)

Lease Guarantees (Continued)

The Company, the Company's president, and certain affiliates of the Company related through common ownership guarantee 5 property leases entered into by certain affiliates of the Company. Future aggregate minimum lease commitments under these leases approximate $1,785,000 at December 31, 2010. The leases expire between 2012 and 2020.

Affiliate Franchisees

When a franchisee is in default of the franchise agreement, an affiliated company whose primary objective is the management of company owned bakery cafés may elect to acquire the bakery café under default until such time that the bakery café is re-franchised or closed. The affiliate operated 7 company owned cafes at December 31, 2010. The affiliate accrues royalty fees at 5% of sales on the company owned stores operated by the affiliate. Royalty fee income accrued on company operated café's during 2010 and 2009 was $573,868 and $565,767, respectively and is included within total royalty revenues.

The following selected financial data has been derived from the financial statements of the affiliated company as of and for the years ended December 31:

	2010	2009
Current assets	$ 666,502	$ 599,657
Non-current assets	7,747,437	7,668,146
Current liabilities	1,583,126	2,908,584
Non-current liabilities	7,252,571	6,709,074
Net sales	$ 11,486,153	$ 11,338,332
Gross margin	7,845,208	7,759,865
Net income	918,933	604,429

Legal Proceedings

During 1999, the Company settled a lawsuit with a former officer, which requires the Company to pay the former officer a quarterly royalty fee equal to 6% of collected franchise and royalty fees from December 2000 through November 2005, 5% thereafter through November 2010, and 3.5% thereafter through November 2015. The Company recorded royalty expense of approximately $187,000 and $172,000 during 2010 and 2009, respectively, related to this settlement.

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NOTE 6 – COMMITMENTS AND CONTINGENCIES (Continued)

Legal Proceedings (Continued)

In November 2009 the Company settled a lawsuit with a former franchisee over an alleged breach and termination of the related franchise agreements. As part of this settlement the Company agreed to purchase all the franchisee's intangible rights and interests in the franchise locations, as more fully described in Note 7.

The Company is involved in litigation and other proceedings in the normal course of business. Management believes that the resolution of these matters will not have a material adverse effect on the Company's consolidated financial position.

NOTE 6 – CREDIT FACILITIES

The Company and certain of its affiliates had a line of credit at December 31, 2009 by a bank that provided for maximum borrowings of $2,500,000 based upon percentages of eligible accounts receivable and inventories. Outstanding borrowings under the line of credit bear interest at the financial institution's prime rate plus 1% with a minimum rate of 6.5% (an effective rate of 6.5% at December 31, 2010). At December 31, 2010 and 2009, total outstanding borrowings under the line were $1,750,000 and $1,150,000, respectively, of which $875,000 and $517,500, respectively, was allocated to the Company based on cash flow. The line is guaranteed by Springtime House, Inc. and its subsidiaries, and the Company's president and is secured by accounts receivable and inventory of the Company and its affiliates. Under the line, the Company is jointly liable for borrowings made by the co-borrowers. The line contains certain restrictive covenants that include a loan to earnings calculation and a debt service requirement for which the Company was in compliance as of December 31, 2010. In December 2010, the line was renewed with similar terms and was extended through May 2012. The Company participates with its affiliates in a cash management program. Under the program, certain available cash balances are transferred to an affiliate for investment on a daily basis.

In May 2009, the Company and certain of its affiliates entered into a term loan mortgage (the "Mortgage") in the principal amount of $3,175,000. The mortgage is being amortized over a 20 year period with a balloon payment due April 2012. The mortgage bears interest at a variable rate of the greater of the financial institutions prirne rate plus 1% with a minimum rate of 6.5% and a maximum rate of 10.25% (an effective rate of 6.5% at December 31, 2010). The principal balance outstanding is $3,040,442 and $3,122,675 at December 31, 2010 and 2009, respectively, and is included in the financial statements of a certain affiliate. The mortgage is guaranteed by the Company, the Company's president, Springtime House, Inc and certain affiliates and is secured by certain assets of affiliates of the Company.

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NOTE 7 – BUSINESS ACQUISITION

In November 2009 the Company settled a lawsuit with a former franchisee over a breach and termination of the related franchise agreements. As part of the settlement the Company agreed to purchase all of a franchisee's rights, title and interest in the franchise locations for $5,500,000. Payment terms included a $2,000,000 cash payment at purchase date and promissory notes (the "Notes") in the amount of $1,000,000 and $2,500,000 due April 2010 and November 2014, respectively. The notes bear an interest rate of 4% and are guaranteed by the Company and an affiliate. The notes contain restrictive covenants, which among other things, require subordination of affiliate loans to the Company. The Company assigned the purchased assets and related debt to an affiliate which operates company owned bakery cafés. The principal balances outstanding on the notes are $1,997,663 and $3,421,387 at December 31, 2010 and 2009, respectively, and are included on the affiliate's balance sheet.

NOTE 8 – INCOME TAXES

The components of the Company's 2010 and 2009 income tax expense consist of the following:

	2010	2009
Current expense		
Federal	$ 642,348	$ 355,457
State	29,578	2,353
Total current expense	671,926	357,810
Deferred expense, net of provision for valuation allowance		
Federal	44,003	77,768
State	-	-
Total deferred expense	44,003	77,768
Net income tax expense	$ 715,929	$ 435,578

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NOTE 8 – INCOME TAXES (Continued)

Deferred income tax assets and liabilities as of December 31, 2010 and 2009 consist of:

	2010	2009
Deferred income tax assets:		
Deferred franchise revenue	$ 115,624	$ 141,318
Accrued liabilities	75,402	41,039
Allowance for doubtful accounts	22,256	51,319
Property and equipment	146,316	122,153
Charitable contributions	22,489	-
Federal tax credits	23,466	23,466
Federal and State net operating loss carryforward	199,883	300,135
	605,436	679,430
Deferred income tax asset valuation allowance	(227,012)	(254,207)
	378,424	425,223
Deferred income tax liability–deferred franchise costs	(14,097)	(16,893)
Net deferred income tax assets	$ 364,327	$ 408,330
Current deferred income tax assets consist of:		
Deferred income tax assets	$ 160,486	$ 93,050
Deferred income tax liabilities	(14,097)	-
Net current deferred income tax assets	$ 146,389	$ 93,050
Noncurrent deferred income tax assets consist of:		
Deferred income tax assets	$ 217,938	$ 338,026
Deferred income tax liabilities	-	(22,746)
Net noncurrent deferred income tax assets	$ 217,938	$ 315,280

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NOTE 8 – INCOME TAXES (Continued)

The components of the expense for deferred income taxes for 2010 and 2009 are as follows:

	2010	2009
Deferred franchise revenue	$ 25,694	$ 51,388
Book under tax accruals	(34,363)	43,465
Property and equipment	(24,163)	(28,759)
Allowance for doubtful accounts	29,063	(21,054)
Charitable contributions	(22,489)	
Deferred franchise costs	(2,796)	(6,872)
Net operating loss carryforward	73,057	42,977
Other	-	(3,377)
	$ 44,003	$ 77,768

The Company has net operating loss carryforwards of approximately $7,400,000 for state income tax purposes. These carryforwards generally expire from 2013 through 2029. The valuation allowance is attributable to the state net operating loss carryforward for which realization is not likely. Based on management's assessment, it is more likely than not that the remaining net deferred income tax assets will be realized through future taxable income.

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ATLANTA BREAD COMPANY INTERNATIONAL, INC. (A WHOLLY OWNED SUBSIDIARY OF SPRINGTIME HOUSE, INC.) AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2009 AND 2008

with

INDEPENDENT AUDITORS' REPORT

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SMITH & HOWARD
Certified Public Accountants and Advisers

INDEPENDENT AUDITORS' REPORT

Board of Directors
Atlanta Bread Company International, Inc.

We have audited the accompanying consolidated balance sheet of Atlanta Bread Company International, Inc. (a wholly owned subsidiary of Springtime House, Inc.) and Subsidiary as of December 31, 2009 and 2008 and the related consolidated statements of income and retained earnings and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Atlanta Bread Company International, Inc. and Subsidiary as of December 31, 2009 and 2008 and the consolidated results of operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Notes 3 and 4, the Company has significant transactions with related parties.

Smith + Howard

April 29, 2010

Suite 300, 131 1st Street, N.W., Atlanta, GA 30363
tel 404.874.6221 Fax 404.874.1658 www.smith-howard.com

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ATLANTA BREAD COMPANY INTERNATIONAL, INC.
(A WHOLLY OWNED SUBSIDIARY OF SPRINGTIME HOUSE, INC.)
AND SUBSIDIARY
CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2009 AND 2008

ASSETS

	2009	2008
Current Assets		
Cash and cash equivalents	$ 314,648	$ 912,106
Accounts receivable from franchisees, net of allowance for doubtful accounts of $115,813 and $50,240	2,183,962	2,063,442
Inventory	20,826	23,601
Prepaid expenses and other current assets	261,026	232,670
Deferred franchise costs	-	3,761
Deferred income taxes	93,050	71,693
Total Current Assets	2,893,512	3,307,273
Property and Equipment, Net	166,316	297,613
Due from Affiliates	6,034,578	4,928,506
Deferred Income Taxes	315,280	414,405
Deferred Franchise Costs	46,021	60,985
	$ 9,455,707	$ 9,008,782

LIABILITIES AND SHAREHOLDER'S EQUITY

Current Liabilities		
Bank overdraft	$ -	$ 285,655
Accounts payable	472,213	261,625
Current portion of capital lease obligations	-	12,724
Borrowings under line of credit	517,500	905,808
Income taxes payable to parent	7,780	-
Unredeemed gift card liability	1,190,289	1,196,725
Accrued and other liabilities	448,688	493,946
Deferred franchise revenue	-	20,000
Total Current Liabilities	2,636,470	3,176,483
Deferred Franchise Revenue	385,000	505,000
Deferred Rent	8,681	51,793
Loan from Director	216,254	-
Due to Parent Company	1,224,110	1,224,110
Other Liabilities	22,752	23,669
Commitments and Contingencies		
Shareholder's Equity		
Common Stock, $1 par value; 100,000 shares authorized; 1,000 shares issued and outstanding	1,000	1,000
Retained earnings	4,961,440	4,026,727
	4,962,440	4,027,727
	$ 9,455,707	$ 9,008,782

The accompanying notes are an integral part of these financial statements.

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ATLANTA BREAD COMPANY INTERNATIONAL, INC.
(A WHOLLY OWNED SUBSIDIARY OF SPRINGTIME HOUSE, INC.)
AND SUBSIDIARY
CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
Revenues		
Royalties	$ 4,132,249	$ 5,377,788
Franchise fees	185,000	264,000
License fees	812,470	579,676
	5,129,719	6,221,464
Operating Expenses		
Compensation	1,381,114	2,717,065
Depreciation	165,750	234,060
Other operating expenses	2,184,488	2,753,114
	3,731,352	5,704,239
Income from Operations	1,398,367	517,225
Other Income (Expense)		
Interest income	14,578	19,799
Interest expense	(42,654)	(38,092)
	(28,076)	(18,293)
Income Before Income Taxes	1,370,291	498,932
Income Tax Expense	435,578	192,371
Net Income	934,713	306,561
Retained Earnings, Beginning of Year	4,026,727	3,720,166
Retained Earnings, End of Year	$ 4,961,440	$ 4,026,727

The accompanying notes are an integral part of these financial statements.

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ATLANTA BREAD COMPANY INTERNATIONAL, INC.
(A WHOLLY OWNED SUBSIDIARY OF SPRINGTIME HOUSE, INC.)
AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
Cash Flows from Operating Activities:		
Net income	$ 934,713	$ 306,561
Adjustments to reconcile net income to net cash provided (required) by operating activities:		
Deferred franchise revenue recognized	(110,000)	(264,000)
Depreciation on property and equipment	165,750	234,060
Non cash decrease in deferred rent	(43,112)	(34,157)
Bad debt expense	142,695	167,283
Amortization of deferred franchise costs	18,725	5,184
Deferred income tax expense	77,768	216,613
Changes in operating assets and liabilities:		
Accounts receivable	(263,215)	(732,073)
Inventory	2,775	5,543
Prepaid expenses and other current assets	(48,356)	59,590
Bank overdraft	(285,655)	285,655
Accounts payable	210,588	(109,247)
Advances to affiliates-income taxes	(239,203)	(24,242)
Accrued and other liabilities	(51,438)	(445,551)
Deferred franchise revenue	(30,000)	(141,000)
Other long term liabilities	(917)	(18,558)
Net Cash Provided (Required) by Operating Activities	481,118	(488,239)
Cash Flows from Investing Activities:		
Purchases of property and equipment	(34,453)	(31,901)
Net Cash Required by Investing Activities	(34,453)	(31,901)
Cash Flow from Financing Activities:		
Borrowings (repayments) under line of credit, net	(388,308)	905,808
Principal payments on capital lease obligations	(12,724)	(171,527)
Loan from Director	216,254	-
Advances to affiliates, net	(859,345)	(2,182,887)
Decrease in due to parent company, net	-	(28,000)
Net Cash Required by Financing Activities	(1,044,123)	(1,476,606)
Net Decrease in Cash and Cash Equivalents	(597,458)	(1,996,746)
Cash and Cash Equivalents, Beginning of Year	912,106	2,908,852
Cash and Cash Equivalents, End of Year	$ 314,648	$ 912,106
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for		
Interest	$ 42,654	$ 38,092

The accompanying notes are an integral part of these financial statements.

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ATLANTA BREAD COMPANY INTERNATIONAL, INC.
(A WHOLLY OWNED SUBSIDIARY OF SPRINGTIME HOUSE, INC.)
AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Atlanta Bread Company International, Inc. (the "Company") is a wholly owned subsidiary of Springtime House, Inc. ("Springtime"), a Georgia Corporation.

The Company sells retail bakery and café restaurant franchises under the Atlahta Bread Company trademark (the "Trademark") in the United States. The tenms of the franchise agreement require franchisees to pay the Cpmpahy (i) an initial franchise fee of up to $40,000 in exchange for the Company's assistance ih franchisee site selection, training, implementation of a quality control system, and store opening, (ii) a weekly royalty fee equal to 5% of gross revenues, and (iii) a weekly advertising fee equal to 2 to 3% of gross revenues.

At December 31, 2009, there were 80 franchised retail bakery cafés, 7 corporateiy managed retail bakery cafés owned by an affiliated entity, and 16 franchise development agreements for bakery cafés to be opened in the future.

The Company, through its wholly owned subsidiary Autumntime LLC ("Autumntime"), also licenses the use of the Trademark, the Atlanta Bread Company Copyright, and certain other proprietary information to affiliates of the Company related through common ownership in exchange for an annual fee of $300,000 and a monthly fee equal to 21% of gross royalty and franchise revenues. These license agreements expire annually on September 30th and are subject to automatic annual renewal.

Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Autumntime LLC. All intercompany accounts and balances have been eliminated in consolidation.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accouritino

The Company follows accounting standards set by the Financial Accounting Standards Board ("FASB"). The FASB sets accounting principles generally accepted in the United States of America ("GAAP"). In June 2009, the FASB issued FASB ASC 105, Generally Accepted Accounting Principles, which establishes the FASB Accounting Standards Codification as the sole source of authoritative GAAP. Pursuant to the provisions of FASB ASC 105, the Company no longer references to particular standards of GAAP. The adoption of FASB ASC 105 did not impact the Company's consolidated financial position or results of operations.

Revenue Recognition

Initial franchise fees relating to franchise sales are deferred and recognized upon the opening of a franchised bakery café. The long-term portion of deferred franchise revenue relates to franchise fees for bakery café openings that are not anticipated in the year subsequent to the reporting period. The Company recognizes royalty, advertising, and license fees as the franchisees and affiliates recognize the revenues upon which such royalties, advertising, and license fees are based. The Company provides allowances on fees recognized for potential uncollectible accounts.

Franchise Costs

The Company defers direct costs related to initial franchise fee revenue consisting primarily of sales commissions until it recognizes initial franchise fee revenue. The Company expenses indirect costs associated with the opening of restaurant franchises when incurred.

Cash and Cash Equivaients

Cash and cash equivalents consist of highly liquid instruments with original maturities of three months or less when purchased.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentration of Credit Risk

The Company's financial instruments are exposed to concentrations of credit risk consisting primarily of cash and cash equivalents and accounts receivable. The Company maintains its cash with high quality credit institutions. Management continually monitors receivable balances and believes that its exposure to credit risk is limited. At times such investments may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limits. As a result of liquidity issues experienced in the global credit and capital markets, it Is at least reasonably possible that changes in risks in the near term could occur which in turn could materially affect the amounts reported in the accompanying consolidated financial statements.

Accounts Receivable from Franchisees

Accounts receivable from franchisees are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Inventory

Inventory consists of marketing materials and is stated at the lower of cost or market using the first-in, first-out ("FIFO") valuation method.

Property and Equipment

Property and equipment are stated at cost and depreciated using the straight-line method over the estimated useful lives of the related assets ranging from three to ten years.

Income Taxes

The Company files a consolidated federal income tax return with its parent and records its share of the consolidated federal income tax expense on a separate return basis. The Company's current federal income tax expense of $355,457 and tax credit of $37,110 is included in the income taxes payable to parent on the Company's consolidated balance sheet at December 31, 2009 and 2008, respectively. State income tax returns are filed separately by the Company.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (continued)

The Company accounts for income taxes in accordance with GAAP. This prescribes the use of the liability method whereby deferred tax asset and liability account balances are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted rates and laws that will be in effect when the differences are expected to reverse. The Company provides a valuation allowance, if necessary, to reduce deferred tax assets to their estimated realizable value.

Effective January 1, 2009, the Company adopted new accounting provisions for accounting for uncertainty in income taxes by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in the consolidated financial statements. The Company utilizes a two-step approach for evaluating tax positions. Recognition occurs when the Company concludes that a tax position, based solely on its technical merits, is more likely than not to be sustained upon examination. Measurement is only addressed if recognition has been satisfied. Under measurement, the tax benefit is measured at the largest amount of benefit, determined on a cumulative probability basis that is more likely than not to be realized upon final settlement. The term "more likely than not" is interpreted to mean that the likelihood of occurrence is greater than 50%. As of the adoption date and at December 31, 2009, the Company had no unrecognized tax benefits. The Company recognizes penalties and interest accrued related to unrecognized tax benefits in income tax expense. There have been no income tax related penalties or interest recognized in 2009 or 2008.

Use of Estimates

The preparation of the Company's consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions which affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities as of the date of the consolidated financial statements, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising Funds

The Company maintains a cooperative advertising fund that receives contributions from its franchisees and an affiliate, based on a percentage of sales, as required by their franchise agreements. These funds are used exclusively for brand advertising. The advertising fund is consolidated in the accompanying consolidated financial statements. At December 31, 2009 and 2008, the unrestricted net asset deficit included in retained earnings was approximately ($13,000) and ($28,000), respectively.

Subsequent Events

Management has evaluated subsequent events through April 29, 2010, the date which the consolidated financial statements were available to be issued.

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31:

	2009	2008
Property and equipment, at cost		
Computers and equipment	$ 775,906	$ 764,683
Furniture and fixtures	381,446	364,488
Leasehold improvements	785,848	779,576
	1,943,200	1,908,747
Accumulated depreciation and amortization	(1,776,884)	(1,611,134)
	$ 166,316	$ 297,613

NOTE 3 – AFFILIATE TRANSACTIONS

The Company regularly conducts business with affiliates related through comrnbn ownership. The Company advances nbn-interest bearing funds to certain affiliates as needed for operations. Repayment of the advances is based on the affiliates' cash flow availability. Transactions with affiliates consist of the following:

The Company receives license revenue from affiliates for the use of Atlanta Bread Company trademarks, copyrights, and other proprietary information. License fees received for 2009 and 2008 were $812,470 and $579,676, respectively.

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NOTE 3 – AFFILIATE TRANSACTIONS (Continued)

The Company allocates costs to affiliates for certain direct and shared operating expenses paid by the Company on behalf of the affiliates. The costs allocated under this arrangement for 2009 and 2008 were $1,347,545 and $1,292,115, respectively. These amounts reduced the Company's other operating expenses and unpaid amounts at December 31, 2009 and 2008 and are included in the Due from Affiliates balance.

As more fully described in Note 5, an affiliated entity operates non-franchised (Company owned) bakery cafés. The Company charges royalty fees at 5% of sales on these affiliate operated cafés. Royalty fees received from the affiliated entity during 2009 and 2008 were $565,767 and $569,836, respectively and are included within total royalty revenue.

In 2009, a Director of the Company loaned the Company funds for general working capital needs of the business. The loan bears interest at 4% per annum. The Director intends not to request repayment of the principal until after December 31, 2010. The principal amount outstanding is $216,254 at December 31, 2009.

NOTE 4 – DUE TO PARENT COMPANY

Due to parent company consists of an unsecured note, as amended, plus accrued interest, payable to Summertime House, Ltd. the holding entity of Springtime. Interest accrues on the unpaid principal at prime plus 10% per annum (13.25% as of December 31, 2009). Repayment of the note payable is based on the Company's available cash flow.

To assist with interim cash flow, the parent company charged no interest for 2009 and 2008. Interest charges will be reinstated and accrued on the unpaid principal and accrued interest when cash flow is sufficient. Principal and accrued interest due to Summertime House, Ltd. under the note was $1,224,110 as of December 31, 2009 and 2008.

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NOTE 5 – COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company leases buildings and equipment under noncancelable operating leases expiring through 2013. Future minimum lease payments, net of sublease rental income, under the noncancelable operating leases as of December 31, 2009 are as follows for years ending December 31:

2010	$ 486,157
2011	490,521
2012	479,564
2013	114,564
	$ 1,570,806

Lease expense for 2009 and 2008 under these operating leases, net of sublease rental income, was approximately $396,000 and 3427,000, respectively.

Lease Guarantees

The Company is a guarantor for 4 franchisee store leases as of December 31, 2009. The respective franchisees have primary liability for these operating leases. The leases haye terms expiring in various years from 2010 to 2012, and the guarantees have potential future rental payments of approximately $741,000. The contingent obligation from guarantees will continue to decrease over time as these operating leases expire or are not renewed. Accrued lease expense for the fair value of the franchisee lease guarantees approximated $31,000 and $111,000 as of December 31, 2009 and 2008, respectively.

The Company, the Company's president, and certain affiliates of the Company related through common ownership guarantee 5 property leases entered into by certain affiliates of the Company. Future aggregate minimum lease commitments under these leases approximate $2,312,000 at December 31, 2009. The leases expire between 2010 and 2015.

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NOTE 5 – COMMITMENTS AND CONTINGENCIES (Continued)

Affiliate Franchisees

When a franchisee is in default of the franchise agreement, an affiliated company whose primary objective is the management of company owned bakery cafés may elect to acquire the bakery café under default until such time that the bakery café is re-franchised or closed. The affiliate operated 7 company owned cafes at December 31, 2009. The affiliate accrues royalty fees at 5% of sales on the company owned stores operated by the affiliate. Royalty fee income accrued on company operated café's during 2009 and 2008 was $565,767 and $569,836, respectively and is included within total royalty revenues.

The following selected financial data has been derived from the financial statements of the affiliated company as of and for the years ended December 31:

	2009	2008
Current assets	$ 599,657	$ 836,134
Non-current assets	7,668,146	2,090,913
Current liabilities	2,908,584	1,468,044
Non-current liabilities	6,709,074	3,413,287
Net sales	$ 11,338,332	$ 11,211,809
Gross margin	7,759,865	6,843,890
Net income (loss)	604,429	(1,200,661)

Legal Proceedings

During 1999, the Company settled a lawsuit with a former officer, which requires the Company to pay the former officer a quarterly royalty fee equal to 6% of collected franchise and royalty fees from December 2000 through November 2005, 5% thereafter through November 2010, and 3.5% thereafter through November 2015. The Company recorded royalty expense of approximately $172,000 and $189,000 during 2009 and 2008, respectively, related to this settlement.

In November 2009 the Company settled a lawsuit with a former franchisee over an alleged breach and termination of the related franchise agreements. As part of this settlement the Company agreed to purchase all the franchisee's intangible rights and interests in the franchise locations, as more fully described in Note 7.

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NOTE 5 – COMMITMENTS AND CONTINGENCIES (Continued)

Legal Proceedings (Continued)

The Company is involved in litigation and other proceedings in the normal course of business. Management believes that the resolution of these matters will not have a material adverse effect on the Company's consolidated financial position.

NOTE 6 – CREDIT FACILITIES

Prior to 2008 the Company and certain of its affiliates were extended a line of credit by a bank that provided for joint borrowings that were limited to $1,000,000. In August 2008, the Company and certain of its affiliates were extended a new line of credit by another bank that provided for maximum borrbwirigs of $2,500,000 based upon percehtages of eligible accounts receivable and inventories. Outstanding borrowings under the line of credit bears interest at the financial institution's prime rate plus 1% with a minimum rate of 6.5% (an effective rate of 6.5% at December 31, 2009). At December 31, 2009 and 2008, total outstanding borrowings under the line were $1,150,000 and $2,013,008, respectively, of which $517,500 and $905,808, respectively, was allocated to the Company based on cash flow. The line is guaranteed by Springtime House, inc. and its subsidiaries, and the Company's president and is secured by accounts receivable arid inventory of the Company and its affiliates. Under the line, the Company is jointly liable for borrowings made by the co-borrowers. The line contains certain restrictive covenants that include a riiinimum net worth and debt service requirement for which the Company obtained the bank's waiver of noncompliance as of December 31, 2009. The line will be reviewed for renewal in September 2010.

In September 2003, the Company and certain affiliates related through common ownership issued $8,080,000 Variable Rate Notes (the "Notes") for the purchase of i) office space previously occupied by the Company and affiliates and ii) a manufacturing, production and distribution facility utilized by affiliates of the Company. In October 2005, the office building was sold and the principal balance of the Notes was reduced by $4,055,000. The Notes bear interest at a variable rate, but may be converted at a later date to a term rate. The variable rate fluctuates per annum with current market conditions. The Notes are supported by a letter of credit which bears an annual bank fee of 1.25%. In October 2008, $1,635,000 of the Notes were tendered by the holders and the letter of credit was drawn upon for the tendered amount. The credit agreement was amended to provide for the tendered amount as an advance which bears interest at a variable rate of the greater of the financial institution's prime rate plus 2% or 5% per annum. The principal balance on the Notes outstanding at December 31, 2008 were $3,175,000 and is included in the financial statements of a certain affiliate.

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NOTE 6 – CREDIT FACILITIES (Continued)

In May 2009 the Notes and related letter of credit were retired and replaced by a term loan mortgage (the "Mortgage") in the principal amount of $3,175,000. The mortgage is being amortized over a 20 year period with a balloon payment due April 2012. The mortgage bears interest at a variable rate of the greater of the financial institutions prime rate plus 1% with a minimum rate of 6.5% and a maximum rate of 10.25% (an effective rate of 6.5% at December 31, 2009). The principal balance outstanding is $3,234,717 at December 31, 2009 and is included in the financial statements of a certain affiliate. The mortgage is guaranteed by the Company, the Company's president, Springtime House, Inc and certain affiliates and is secured by certain assets of affiliates of the Company.

NOTE 7 – BUSINESS ACQUISITION

In November 2009 the Company settled a lawsuit with a former franchisee over a breach and termination of the related franchise agreements. As part of the settlement the Company agreed to purchase all of a franchisee's rights, title and interest in the franchise locations for $5,600,000. Payment terms included a $2,000,000 cash payment at purchase date and promissory notes (the "Notes") in the amount of $1,000,000 and $2,500,000 due April 2010 and November 2014, respectively. The notes bear an interest rate of 4% and are guaranteed by the Company and an affiliate. The notes contain restrictive covenants, which among other things, require subordination of affiliate loans to the Company. The Company assigned the purchased assets and related debt to an affiliate which operates company owned bakery cafés. The principal balances outstanding on the notes are $3,421,387 at December 31, 2009 and are included on the affiliate's balance sheet.

NOTE 8 – RETIREMENT PLAN

The Company sponsors a 401(k) plan into which eligible employees may contribute up to 15% of their earnings subject to limitations established by the Internal Revenue Code. During 2008, the Company matched 100% of the first 3% and 50% of the next 2% of an employee's contribution. Amounts contributed to the plan are fully vested. Beginning in 2009, the Company discontinued matching employee contributions. The Company contributed $49,616 to the plan during 2008.

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NOTE 9 – INCOME TAXES

The components of the Company's 2009 and 2008 income tax expense (credit) consist of the following:

	2009	2008
Current expense (credit)		
Federal	$ 355,457	$ (37,110)
State	2,353	12,868
Total current expense (credit)	357,810	(24,242)
Deferred expense, net of provision for valuatipn allowance		
Federal	77,768	216,613
State	-	-
Total deferred expense	77,768	216,613
Net income tax expense	$ 435,578	$ 192,371

Deferred income tax assets and liabilities as of December 31, 2009 and 2008 consist of:

	2009	2008
Deferred income tax assets:		
Deferred franchise revenue	$ 141,318	$ 192,706
Accrued liabilities	41,039	84,504
Allowance for doubtful accounts	51,319	30,265
Property and equipment	122,153	93,394
Federal tax credits	23,466	20,089
Federal and State net operating loss carryfonvard	300,135	406,761
	679,430	827,719
Deferred income tax asset valuation allowance	(254,207)	(317,856)
	425,223	509,863
Deferred income tax liability–deferred franchise costs	(16,893)	(23,765)
Net deferred income tax assets	$ 408,330	$ 486,098

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NOTE 9 – INCOME TAXES (Continued)

Current deferred income tax assets consist of:		
Defened income tax assets	$ 93,050	$ 73,583
Deferred income tax liabilities	-	(1,890)
Net current deferred income tax assets	$ 93,050	$ 71,693
Noncurrent deferred income tax assets consist of:		
Deferred incoine tax assets	$ 338,026	$ 445,062
Deferred income tax liabilities	(22,746)	(30,657)
Net noncurrent deferred income tax assets	$ 315,280	$ 414,405

The components of the expense for defened income taxes for 2009 and 2008 are as follows:

	2009	2008
Deferred franchise revenue	$ 51,388	$ 149,764
Book under tax accruals	43,465	21,079
Property and equipment	(28,759)	99,473
Allowance for doubtful accounts	(21,054)	(6,964)
Defened franchise costs	(6,872)	(1,986)
Net operating loss carryforward	42,977	-
Other	(3,377)	(44,753)
	$ 77,768	$ 216,613

The Company has net operating lpss carryfonvards of approximately $8,450,000 for state income tax purposes and $208,000 for federal income tax purposes. These carryforwards generally expire from 2015 through 2028. The valuation allowance is attnbutable to the state net operating loss carryforward for which realization is not likely. Based on management's assessment, it is more likely than not that the remaining net deferred income tax assets will be realized through future taxable income.

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Atlanta Bread Company International
Consolidated Statement of Operations Quarter & YTD
For the three months ended March 31, 2011

	Quarter ended 3/31/2011	YTD 3/31/2011
Revenue		
Royalties	997,491	997,491
Franchise fees	0	0
Other income	127,173	127,173
Total Revenue	1,124,664	1,124,664
Expenses		
Operating expenses	458,905	458,905
Advertising	562	562
EBITDA	665,197	665,197
Depreciation	10,471	10,471
Interest(net)	16,651	16,651
Lease exit and Impairment costs	0	0
(Gain) loss on sales assets/other charges	0	0
Earnings before income taxes	638,075	638,075
Income tax expense (credit)	223,326	223,326
Net income (loss)	414,749	414,749

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Atlanta Bread Company international
Balance Sheet as of:

	Unaudited 3/31/2011	Audited 12/31/2010
Assets		
Cash & cash equivalents	168,764	438,816
Restricted cash	7,597	7,597
Accounts receivable,net	904,107	1,249,628
Inventory	20,826	20,826
Prepaid expenses and other current assets	136,280	203,268
Loan account director	0	0
Deferred franchise cost-current	0	0
Deferred income taxes-current	93,050	146,389
Total Current Assets	1,330,625	2,066,524
Property & Equipment, net	645,560	66,464
Deferred franchise costs-LT	38,404	38,404
Deferred Income taxes-LT	315,279	217,938
Due from(to) affiliates	9,847,043	8,770,964
	12,176,911	11,160,294
Liabilities		
Bank overdraft	81,372	0
Accounts payable	338,329	293,013
Current portion of capital lease obligations	5,042	5,042
Income taxes payable	747,825	643,881
Current portion deferred franchise revenue	7,500	
Bank credit line	1,325,000	875,000
Accrued liabilities	1,750,816	1,655,355
Current Liabilities	4,255,885	3,472,291
Capital Lease obligations, net of current portion	18,557	19,761
Deferred franchise revenue, net of current portion	315,000	315,000
Deferred rent	5,933	9,153
Loan from Director	204,376	209,786
Other liabilities	22,751	22,751
Note and accrued interest payable to parent	1,177,711	1,191,711
Total Liabilities	6,000,212	5,240,453
Shareholders Equity		
Common Stock	1,000	1,000
Retained Earnings	6,175,698	5,918,841
Total Shareholders Equity	6,176,698	5,919,841
	12,176,911	11,160,294

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EXHIBIT B

FRANCHISE AGREEMENT

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FRANCHISE AGREEMENT

between

ATLANTA BREAD COMPANY INTERNATIONAL, INC.

and

FRANCHISEE

_____

Individual & Entity Name

_____

Entity Address

_____

City – State – Zip

_____

Telephone – Fax – Email

FRANCHISED LOCATION

_____

Bakery Cafe Address

_____

City – State – Zip

_____

Telephone – Fax – Email

DATE OF FRANCHISE AGREEMENT

_____

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SELECTED TERM SUMMARY

Agreement Date:	_____	
Franchisor:	Atlanta Bread Company International, Inc.	
Franchisee:	_____	Franchise Agreement Section Reference
Bakery Cafe Accepted Location:	_____	Section 1.4
Exclusive Territory:	_____	Section 1.6
Bakery Cafe Opening Date:	_____	Section 1.3
Franchise Term:	Initial Term Renewal Term	Section 1.2
Initial Franchise Fee:	_____ Dollars ($_____)	Section 2.1
Renewal Fee:	_____ Dollars ($_____)	Section 1.8.d.
Transfer Fee:	_____ Dollars ($_____)	Section 11.3.e.
Royalty Fee:	Five Percent (5%) of Weekly Gross Sales of the Bakery Cafe	Section 2.2
Advertising Fee:	Three Percent (3%) of Weekly Gross Sales of the Bakery Cafe	Section 2.5
Designated Principal(s)	_____ _____ _____	Exhibit D--Definitions
Date of Transfer (if applicable):	_____	Section 1.3.c.
Franchise Term is limited by Section 1.3.c. to remaining term of transferor (if applicable, check box and indicate expiration date)	_____	

This Selected Term Summary is a part of and incorporated by reference into the Franchise Agreement between Franchisor and Franchisee attached hereto. In the event of a conflict between the Selected Term Summary information and the Franchise Agreement, the Franchise Agreement shall control.

_____
Franchisee Initials

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ATLANTA BREAD COMPANY
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this "Agreement") is made and entered into this _____ day of _____, 2____ (the "Agreement Date"), by and between ATLANTA BREAD COMPANY INTERNATIONAL, INC., a Georgia corporation ("Franchisor"), with its principal business address being 1200 Wilson Way, Suite 100, Smyma, Georgia 30082, and _____ ("Franchisee").

Statement of Intentions

A. Franchisor, as a result of the expenditure of substantial time, skill, effort and money, has developed and owns a unique and comprehensive System for establishing, developing, and operating ATLANTA BREAD COMPANY Bakery Cafés, which sell baked goods, specialty breads, rolls, coffee, deli-café sandwiches, salads, soups, desserts, and related menu items and which operate under the Marks.

B. Franchisor has established a positive image and goodwill with the public with respect to the quality of services and products available at ATLANTA BREAD COMPANY Bakery Cafés, which image and goodwill have been and continue to be of major benefit to Franchisor and its franchisees.

C. Franchisee recognizes the benefit to be derived from being identified with and licensed by Franchisor to utilize the System and Marks, and desires to ovm and operate an ATLANTA BREAD COMPANY Bakery Café under the System and Marks and to obtain a franchise, and a license to use the System and Marks, from Franchisor for that purpose upon the terms and conditions set forth herein, which terms and conditions are reasonably necessary to maintain Franchisor's uniform standards of quality and service and to protect the goodwill and enhance the public image of the Marks and the System.

NOW, THEREFORE, in consideration of the foregoing and of the covenants contained herein, it is hereby agreed as follows:

ARTICLE 1.
DEFINITIONS; GRANT OF FRANCHISE AND LICENSE; TERM; LOCATION; RETAINED RIGHTS; RENEWAL

1.1 Definitions. Capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings given to them in Exhibit D.

1.2 Grant of the Franchise and License. Franchisor hereby grants to Franchisee the right and license to operate, during the Franchise Term, one ATLANTA BREAD COMPANY Bakery Café at the Accepted Location, and to use solely in connection therewith the Marks and the System. Franchisee acknowledges that the license granted by Franchisor is expressly subject to the terms and conditions of this Agreement and is limited to the Franchise Term. Franchisee agrees to use the Marks and the System, as they may be changed, improved or further developed by Franchisor from time to time, in accordance with the terms and conditions of this Agreement.

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1.3 Term. The Franchise Term shall be the term indicated on the Selected Term Summary.

a. Initial Term. If this is the Initial Term, the Franchise Term shall, subject to the terms of this Agreement, commence on the Bakery Café Opening Date and end on the tenth (10th) anniversary of the Bakery Café Opening Date. Franchisee acknowledges that, although the Initial Term does not commence until the Bakery Café Opening Date, Franchisee's obligations under this Agreement commence on the Agreement Date, except to the extent that those obligations expressly relate to the period after the Bakery Café Opening Date. Within five (5) days after the Bakery Café opens for business, Franchisee shall complete the Bakery Café Opening Date Addendum attached hereto as Exhibit H, which shall amend the Selected Term Summary of this Agreement to include the specific Bakery Café Opening Date.

b. Renewal Term. If this is the Renewal Term, the Franchise Term shall, subject to the terms of this Agreement, commence on the expiration of the Initial Term and end on the tenth (10th) anniversary of the Initial Term expiration date. Franchisee has no right to renew following the expiration of the Renewal Term.

c. Transfer of Remaining Term Only. If this Agreement is being executed by a transferee in connection with a Transfer of the Franchise, and Franchisor has elected for the transferee's Franchise Term to be equal to the remaining Franchise Term of the transferor, the applicable Franchise Term shall be as indicated on the Selected Term Summary, provided that the transferee's Franchise Term under Section 1.3.a. or 1.3.b., whichever is applicable, is hereby modified to be the transferor's remaining term of such Franchise Term, commencing as of the Date of Transfer indicated in the Selected Term Summary and ending on the expiration date as indicated in the Selected Term Summary. The transferee shall have the other rights granted in this Section 1.3 for the applicable Franchise Term (except that the Franchise Term shall be as modified by this Section 1.3.c.). Franchisor may waive any Pre-Opening Obligations to the extent they are inapplicable or already fultilled by Franchisee to Franchisor's satisfaction.

1.4 Location. If Franchisee has selected an area in which to locate its Bakery Café as indicated in the Selected Term Summary of this Agreement, Franchisee must identify a specific Bakery Café location during the Pre-Opening Period. Franchisor may require Franchisee to submit specific site data, demographic and other information conceming the site as may be reasonably required by the Franchisor in a form specified by Franchisor. Franchisor shall, in its sole discretion, approve or disapprove in writing any proposed site identified by Franchisee. Silence by Franchisor is not an approval. If Franchisor rejects the proposed site, Franchisee shall locate an acceptable site within the Pre-Opening Period, and the new proposed site shall be submitted using the procedures outlined in this Section. If the specific location of the Bakery Café is undetermined at the time of the signing of this Agreement, Franchisee must complete the Accepted Location Addendum attached hereto as Exhibit A at the time the specific location is approved by Franchisor, which shall amend the Selected Term Summary of this Agreement to include the specific Accepted Location and Exclusive Territory. Franchisee acknowledges that the license granted herein is limited to the operation of the Bakery Café from the Accepted Location. Franchisee shall not conduct the business of the Bakery Café from any location other than the Accepted Location. Without limiting the generality of the foregoing, Franchisee may not open kiosks or satellite locations, or "wholesale" or cater to other food service sales entities of

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any type, without the prior written consent of Franchisor for the specific activity. "Wholesale" shall mean when the Franchisee sells, transfers or conveys, or transacts to sell, transfer or convey, Products to any person or entity that it knows, should know or has reason to suspect will resell such Products. Franchisee shall not relocate the Bakery Café without the prior written consent of Franchisor.

1.5 Actions Not Deemed Acceptance of Location. Franchisee assumes all costs, liability, expense, and responsibility for locating, obtaining, and developing a site for the Bakery Café and for constructing and equipping the Bakery Café at such site. Lease negotiations by Franchisor or other contact with third party landlords, lenders, vendors, contractors or other third parties taken individually or collectively shall not constitute Franchisor's acceptance of any site, or any obligation to Franchisee. The acquisition in any manner of any proposed site, or entry into any obligation with respect thereto, prior to acceptance by Franchisor as provided herein, shall be at the sole risk and responsibility of Franchisee and shall not obligate Franchisor in any way to accept the same.

1.6 Exclusive Territory. Subject to Franchisor's Retained Rights, during the period from the date of this Agreement until the expiration or earlier termination of this Agreement, and provided that the Franchisee is in compliance with this Agreement, Franchisor will not operate or grant a franchise for the operation of another ATLANTA BREAD COMPANY Bakery Café at any location within the Exclusive Territory set forth on the Selected Term Summary.

1.7 Rights Retained by Franchisor. The license granted to Franchisee is expressly limited to the terms of Section 1.2. Franchisor and its Affiliates retain all other rights, including the Retained Rights, without any liability whatsoever to Franchisee and without granting Franchisee any rights therein.

1.8 Renewal. Upon the expiration of the Initial Term of this Agreement, Franchisee may, at Franchisor's sole option, renew this Franchise for one additional period of ten (10) years. Franchisee understands that renewal of the Franchise is not automatic and is in the sole discretion of Franchisor. Franchisee shall not be permitted to renew this Franchise pursuant to this Section 1.8 unless all of the following conditions are satisfied prior to renewal:

a. Franchisee shall deliver to Franchisor written notice of Franchisee's desire to renew not less than 180 days prior to the end of the Initial Term. If Franchisor does not receive this required written renewal notice within the required time frame, Franchisee will not be allowed to renew this Franchise. Such renewal shall be subject to Franchisor's prior approval, and in determining whether to approve Franchisee's renewal request, Franchisor may consider matters including, but not limited to, the changes in demographics for the site since the initial grant; whether sales are growing, stable or declining at the present site; the general viability of the trade area of the site; and Franchisee compliance with the standards of the System during the Initial Term, including operational performance, payment history and customer satisfaction/complaints. Franchisee may be relocated to a different site, at Franchisor's sole option. Any failure by Franchisor to respond to Franchisee's renewal request shall not constitute a default under this Agreement;

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b. Franchisee shall complete or provide for, at its own expense and to Franchisor's satisfaction, such maintenance, renovation and modernization of the Bakery Café premises as Franchisor may in its sole discretion require, including, but not limited to, replacement of signs, equipment, furnishings, and decor, to reflect the then-current image and standards of the System;

c. Franchisee shall provide satisfactory evidence that Franchisee has the right to remain in possession of the "Accepted Location," or other location acceptable to Franchisor for the duration of the renewal term;

d. Franchisee and its Principals shall execute Franchisor's then-current form of franchise agreement and any accompanying addenda and ancillary agreements for the renewal term, which agreement shall supersede this Agreement in all respects, and the terms of which may differ substantially from the terms of this Agreement, including the royalty rate and advertising fees; provided, however, that Franchisor may require that Franchisee pay, in lieu of the Initial Franchise Fee, a Renewal Fee in the amount of thirty thousand dollars ($30,000.00), or the minimum Initial Franchise Fee required by the Franchisor at the time of renewal, whichever is greater, and that Franchisor may waive any pre-opening obligations to the extent they are inapplicable or already fulfilled by Franchisee to Franchisor's satisfaction;

e. Franchisee shall not be, when renewal notice is given, or at any time thereafter prior to the expiration of the Initial Term, in default of any provision of this Agreement or any Related Agreement; Franchisee shall not have had, when notice is given, or at any time thereafter prior to the expiration of Initial Term, three (3) or more defaults (even if cured) for failure to pay royalties or any other sums owed to Franchisor or any of its Affiliates during the term of this Agreement or any Related Agreement; and Franchisee shall have fully and faithfully complied with all the terms and conditions of such agreements during the terms thereof;

f Franchisee shall have satisfied all monetary obligations owed by Franchisee to Franchisor and its Affiliates, as well as to lessors, sublessors, vendors and suppliers of its Bakery Café and shall have timely met such obligations throughout the term of this Agreement;

g. Franchisee and its Principals and any entity in which they have any ownership interest or control, directly or indirectly, the business of which relates in any way to Franchisee's Franchise or Franchisor, shall execute a general release covering all existing ATLANTA BREAD COMPANY franchised Bakery Cafés in which such parties have an interest, in a form prescribed by Franchisor, of any and all claims against Franchisor and its Affiliates, and their respective officers, directors, agents, and employees;

h. Franchisee shall comply with Franchisor's then-current qualification and training requirements; and

i. Franchisee shall have a sound credit rating with all trade purveyors and service agencies and sufficient financial resources to continue to operate the Franchise in accordance with the requirements of the then-current form of franchise agreement.

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ARTICLE 2.
FEES, ROYALTIES AND OTHER PAYMENTS

2.1 Initial Franchise Fee. Franchisee agrees to pay Franchisor an initial franchise fee of FORTY THOUSAND DOLLARS ($40,000.00) ("Initial Franchise Fee"), in lump sum in U.S. funds. If Franchisee currently operates one or more ATLANTA BREAD COMPANY Bakery Cafés, then die initial franchise fee shall be THIRTY THOUSAND DOLLARS ($30,000.00), in lump sum in U.S. Funds. The Initial Franchise Fee will be due and payable on the date this Agreement is executed by Franchisee. The Initial Franchise Fee shall be deemed fully earned and non-refundable in consideration of administrative and other expenses incurred by Franchisor in granting this Franchise and for Franchisor's lost or deferred opportunity to franchise others, except as described in Section 2.9.

2.2 Royalty Fee. During the term of this Agreement, Franchisee agrees to pay to Franchisor, without any right of offset, a continuing weekly Royalty Fee in the amount of five percent (5%) of Franchisee's weekly Gross Sales for the seven (7) day period ending at the close of business each Saturday.

2.3 Time of Payment. Payments of the Royalty Fee must be received by Franchisor not later than 5:00 P.M. Eastern Time on Thursday of each week for the previous week's business activity, at its principal offices, or such other place as Franchisor may designate, and must be accompanied by a weekly report on forms designated by the Franchisor setting forth a complete accounting of Franchisee's Gross Sales and such other information as may be required by Franchisor.

2.4 Automated Payments; Right to Setoff; Application of Payments. Franchisor reserves the right to require Franchisee to execute pre-authorized payment agreements with Franchisee's banking institutions pursuant to which all periodic payments and other charges to be made to Franchisor or its Affiliates, including rents, royalty, advertising and product purchase payments, will be made automatically to Franchisor from the Franchisee's banking accounts via electronic fund transfers. In such event, Franchisee will insure that there is a sufficient operating account balance on the day fund transfers are due Franchisor to expedite payment of the sums being transferred, and Franchisee will be responsible for all charges imposed by the Franchisee's financial institution. Franchisee agrees that Franchisor has the right to set off amounts Franchisee owes Franchisor or its Affiliates under this Agreement or any Related Agreement against amounts Franchisor or its Affiliates may owe Franchisee. Notwithstanding designation by Franchisee to the contrary, all payments made by Franchisee under this Agreement will be applied by Franchisor at its discretion to any of Franchisee's past due indebtedness.

2.5 Advertising Fees. In addition to the Royalty Fee described in Section 2.2 above, Franchisee shall pay to Franchisor an advertising and marketing fee ("Advertising Fee") at the same time as the Royalty Fee, for the same seven (7) day period, and in the same manner, in an amount equal to three percent (3%) of Franchisee's Gross Sales for the preceding week, for as long as Franchisor operates an Advertising Fimd pursuant to Section 8.1 of this Agreement. This sum, less direct administrative expenses, will be used for advertising, sales promotion and public relations, including creative, production, media and clearance costs of advertising and sales promotion materials and those market research expenditures directly related to the development

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and evaluation of the effectiveness of advertising and sales promotion. All such expenditures shall be at the sole and exclusive discretion of Franchisor. In addition, Franchisee agrees to spend a minimum of one percent (1%) of annual Gross Sales for local marketing activities, including advertising, promotions and public relations. All such local marketing activities shall be in accordance with Section 8.3.

2.6 Grand Opening Expenditures. Franchisee shall expend, prior to the end of the second month of operation of Franchisee's Franchise, a minimum of Fifteen Thousand Dollars ($15,000) for advertising and promotional hems, which advertising and promotional items must be used or employed prior to the Bakery Café Opening Date or during the first two months of operation of the Franchisee's Franchise. Franchisor may advise Franchisee regarding the preparation and placement of such advertising and promotional items. At least one day-long "open house" must be held where Franchisee invites prospective customers to visit the Bakery Café to verify all systems are in order and for additional training of staff with customer comments. All advertising or promotional materials used by Franchisee must be approved in advance by Franchisor prior to use by Franchisee pursuant to Article 8.

2.7 Late Payments. Any payment or report not actually received by Franchisor on or before the date when due shall be deemed overdue. If any payment is overdue, Franchisee shall pay to Franchisor, immediately upon demand and in addition to the overdue amount, interest on the overdue amount from the date when due until paid in full, calculated on a daily basis, at a rate of one and one-half percent (1 1/2%) per month, or the maximum rate permitted by law, whichever is less. Interest shall accrue on all late payments regardless of whether Franchisor exercises its right to terminate this Agreement imder Article 17. In addition to its right to charge interest, Franchisor may charge Franchisee a Seventy-Five Dollar ($75) late payment fee or the maximum amount permitted by applicable law, whichever is less, for each such overdue payment, and a Seventy-Five Dollar ($75) insufficient funds fee or the maximum amount permitted by applicable law, whichever is less, for each check, automated bank draft payment, or other payment that is not honored by Franchisee's financial institution.

2.8 Franchisee's Unconditional Obligation to Pay. Franchisee's obligation to pay any and all of the fees and charges set forth in this Agreement in accordance with the terms of this Agreement is absolute and unconditional. Franchisee shall not have the "right of offset" or the "right to escrow" funds in the event of any dispute, whether financial, tort, contract or otherwise, between Franchisee and Franchisor or any other party specified under this Agreement. Franchisor shall have the right, but not the obligation, to collect unpaid fees or charges of any type in its own name, but upon collection shall credit the fees or charges to the appropriate account or party, after deduction for fees and costs of collection. Franchisor reserves the right to demand that any or ail fees or charges assessed, now or in the future, be paid, at Franchisor's option, by cash, certified check, cashier's check, money order or wire transfer. Acceptance of partial payments by Franchisor at the time when payment is due or during any applicable cure period does not constitute cure of a default under this Agreement or a tolling of any applicable cure period, and will not require that Franchisor provide any additional default notices to Franchisee under the provisions of this Agreement. The fees and charges paid by Franchisee under this Agreement (other than the Initial Franchise Fee as set forth herein) are not refundable to Franchisee under any circumstances.

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2.9 Partial Refumd of Initial Franchise Fee. If this Agreement is terminated during the Pre-Opening Period before the Bakery Cafe opens because of the Franchisee's death, if Franchisee is a natural person, or because Franchisee is unable to obtain all necessary permits and licenses during the Pre-Opening Period as a resuh of causes beyond the control of Franchisee (unless the requirement for the issuance of such permits and licenses is waived in writing by Franchisor), any such cause to be approved by Franchisor in writing, then Franchisor shall retain one-third (1/3) of the Initial Franchise Fee, and two-thirds (2/3) of the Initial Franchise Fee will be refunded to the Franchisee within thirty (30) days of the date of termination of this Agreement. Once the Bakery Café opens, or in the event of expiration or termination of this Agreement for any other reason, the Initial Franchise Fee or any portion thereof shall not be refundable. Franchisor and its Affiliates will not under any circumstances be required to refund or reimburse Franchisee for any other costs incurred during the Pre-Opening Period, including construction costs, build-out costs or relocation costs.

ARTICLE 3.
UNIFORM STANDARDS AND COMPLIANCE WITH THE SYSTEM

3.1 General. Franchisee acknowledges that franchising is a method of selling goods or services in a consistent manner and that customers expect a similar experience at a franchised ATLANTA BREAD COMPANY Bakery Café, regardless of hs location or operator. Franchisee acknowledges that every component of the System, including, but not limited to, Bakery Café design and color schemes, signage, interior decor and equipment systems requirements, training, menu and service format, Product requirements, and the standards and policies set forth in the Manuals, is reasonable, necessary and essential to promoting a uniform and consistent method of operating an ATLANTA BREAD COMPANY Bakery Café and to the image and success of the System, and that compliance by all franchisees with the System provides the basis for wide public acceptance of the System and will benefit the System, the Franchisor, and all franchisees. Accordingly, Franchisee agrees to and shall comply with all aspects of the System (including all standards, procedures and specifications in the Manuals) as it now exists and as it may be modified from time to time. Franchisee recognizes and agrees that Franchisor may prohibit Franchisee from using the System and the Marks, if Franchisee fails to design, construct, equip or furnish its Bakery Café in compliance with the specifications designated by Franchisor, unless prior written approval has been received from Franchisor authorizing a variance therefrom.

3.2 Franchisor Modification. The parties agree that the System may be supplemented, improved, and otherwise modified from time to time by Franchisor in response to the opportunity to offer new services and Products, changes in technology, competitive circumstances, customer expectations, the experience of Bakery Cafés over time, and other market variables or factors. In addition, the parties agree that, in the interest of preserving the integrity of the System, Franchisor shall have full control and discretion over such developments, and that Franchisee shall comply with all changes, modifications and improvements to the System that are required by Franchisor and shall make such expenditures as such changes, modifications or improvements may require in that regard, whether or not such changes directiy benefit Franchisee's Bakery Café.

3.3 Franchisee Modification. If Franchisee develops any new modification, concept, process, improvement or slogan in the operation or promotion of the Bakery Café or to the System, the same shall be deemed a work made for hire owned exclusively by Franchisor, and

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Franchisee shall promptly notify Franchisor of, and provide Franchisor with, all necessary information regarding such modification, concept, process, improvement or slogan, without compensation to Franchisee. Franchisee hereby assigns, transfers and conveys to Franchisor all rights, title and interests in and to any such modifications, concepts, processes, improvements or slogans and irrevocably constitutes and appoints Franchisor as Franchisee's attorney-in-fact, coupled with an interest, to execute and deliver any documents required to effectuate such assignment, transfer or conveyance on behalf of Franchisee. Franchisor may use or allow other franchisees to use the same in connection with the System or the operation of their Bakery Cafés, without compensation to Franchisee. Notwithstanding the foregoing, in recognition of Franchisor's full control and discretion over such developments, any such new modification, concept, process, improvement or slogan shall not be used by Franchisee without the prior written consent of Franchisor.

3.4 Varying Standards. Because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, at its sole and absolute discretion and as it may deem in the best interests of all concerned in any specific instance, to vary standards for any franchisee based upon the peculiarities of a particular site or circumstance, density of population, business potential, population or trade area, existing business practices, or any other condition which Franchisor deems to be of importance to the successful operation of such Franchisee's business. Franchisee shall not have any right to complain about a variation from standard specifications and practices granted to any other Franchisee and shall not be entitled to require Franchisor to grant to Franchisee a like or similar variation.

ARTICLE 4.
CONSTRUCTION AND LEASE OF PREMISES BY FRANCHISEE

4.1 Construction and Opening of the Bakery Café by Franchisee.

a. Layout and Specifications. Franchisor shall provide to Franchisee a copy of generic plans for an ATLANTA BREAD COMPANY Bakery Café Franchisee shall conform the generic plans to the applicable building code requirements for the jurisdiction in which Franchisee's Bakery Café is located. Franchisee is solely responsible for securing all permits and licenses necessary for construction and operation of the Bakery Café Franchisee shall, at its sole expense, employ architects, designers, engineers, contractors and others as may be necessary to complete, adapt, modify or substitute the generic building plans and specifications for the Bakery Cafe. Two (2) copies of the actual city or county-approved site plan showing easements, access and building position, a copy of the city or county-approved building plans and design, and a copy of a soil report, if applicable, must be approved in writing by Franchisor as meeting Franchisor's standards and requirements prior to commencement of construction. Any deviation from approved plans must be resubmitted by Franchisee and approved by Franchisor in writing prior to making such deviation. In addition, prior to commencement of construction, Franchisee must provide to Franchisor two (2) copies of any applicable bids for construction. Franchisor may provide Franchisee with names of contractors; however, it shall be and shall remain the sole responsibility of Franchisee to design, construct, equip and otherwise ready and open the Bakery Café. Franchisee must also provide to Franchisor one (1) copy of each required construction permit within five (5) days of the date such permit(s) is (are) received by Franchisee. Franchisee

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may not commence construction of the Bakery Café until Franchisor has reviewed and accepted the construction contract and the required permits and licenses specified herein. Franchisee shall not commence operation of the Bakery Café until Franchisor has accepted the building and equipment to be used by Franchisee as meeting Franchisor's standards and requirements. Approval of plans and design shall include the review of the design and type of signs or other indicia to be used to identify Franchisee and the Bakery Café. Subject to Franchisee's lease agreement, and any local rules, laws and ordinances, Franchisee shall install a free-standing pole/pylon sign if possible, and in any event, a free-standing sign in front of the Bakery Café, and signage upon the building, in the maximum square footage authorized by the applicable building code and Franchisee's lease agreement, prior to opening of the Bakery Café. Upon written notice, Franchisee shall correct or remove any plans or modifications made to the Bakery Café without prior approval by Franchisor. In the event Franchisee does not make such corrections in a timely manner, Franchisor shall have the right, but not the obligation, to make such corrections. Any costs incurred by Franchisor in making such corrections shall be reimbursed to Franchisor by Franchisee within thirty (30) days from receipt of an invoice.

b. Construction and Inspection. Franchisee shall use a licensed, bondable general contractor. Franchisee must obtain Franchisor's prior, written approval of any and all changes in the Bakery Café plans and specifications prior to construction of the Bakery Café or the implementation of such changes. Franchisor shall have full access to the Bakery Café while construction is in progress and may require such reasonable alterations or modification of the construction of the Bakery Café as it deems necessary. The Bakery Café will not be allowed to open if it does not conform to the plans and specifications approved by Franchisor, including any changes to such plans and specifications approved by Franchisor. If the Bakery Café is found to contain unauthorized components, Franchisee, at Franchisee's expense, shall be required to reconstruct the Bakery Café premises to conform to the specifications previously approved by Franchisor, before authorization to open the Bakery Café will be granted by Franchisor.

c. Opening of Bakery Café. Franchisee shall open its Bakery Café within the Pre-Opening Period; provided, however, that in the event Franchisee is delayed from performing within such time period because of reasons beyond its control, then performance shall be excused for the period of the delay and the period for performance shall be extended for a period equivalent to the period of such delay. Franchisee agrees to open its Bakery Café within four (4) weeks of a determination by Franchisor that the building in which the business is to be located is ready for use. Time is of the essence in this Agreement.

d. DISCLAIMER. ALTHOUGH FRANCHISOR SHALL BE PERMITTED TO INSPECT AND ENSURE CONFORMITY WITH ITS PLANS AND SPECIFICATIONS, FRANCHISOR AND ITS AGENTS ARE NOT LICENSED CONTRACTORS AND SHALL NOT BE RESPONSIBLE FOR DELAYS IN THE CONSTRUCTION, EQUIPPING OR DECORATION OF THE BAKERY CAFÉ OR FOR ANY LOSS OR DAMAGE TO FRANCHISEE OR ANY THIRD PARTY RESULTING FROM THE DESIGN OR CONSTRUCTION OF THE BAKERY CAFÉ.

4.2 Lease of Bakery Café Premises by Franchisee. Franchisee shall enter into a written lease or sublease agreement for the Bakery Café premises (even if Franchisee or an Affiliate or Principal of Franchisee owns the premises on which the Bakery Café will be located)

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in such form and on such terms and conditions that are satisfactory to Franchisor. Such lease or sublease for the Bakery Café premises shall: (1) provide for notice to Franchisor of, and Franchisor's right to cure, Franchisee's default under the lease or sublease; (2) provide for Franchisee's right to assign its interest under the lease or sublease to Franchisor without the lessor's or sublessor's consent; (3) authorize and require the lessor or sublessor to disclose to Franchisor, upon Franchisor's request, sales and other information furnished to the lessor or sublessor by Franchisee; (4) provide that Franchisor shall have the right to take possession of the Bakery Café premises and operate the Bakery Café upon a default by Franchisee (after giving effect to any applicable cure periods) under this Agreement; (5) provide that Franchisor shall have the right, in its sole discretion, upon termination or expiration (without renewal) of this Agreement to assume the lease or sublease; (6) provide for a term that is not less than the Franchise Term; and (7) contain the addendum attached hereto as Exhibit G as an Exhibit to the lease or sublease. Franchisee agrees that it will not execute a lease or sublease without the prior written review and approval of the lease or sublease by Franchisor (in the form as it is to be executed by Franchisee). Franchisee shall deliver a copy of the signed lease or sublease to Franchisor within five (5) days of its execution. Franchisee further agrees that it will not execute or agree to any amendment, renewal, extension or modification of the lease or sublease without the prior written approval of Franchisor. Franchisee shall submit, in writing, to Franchisor all proposed amendments, renewals, extensions or modifications to the lease or sublease for the Bakery Café premises (collectively, the "Proposed Changes") for Franchisor's prior written approval. If Franchisee does not receive written approval of such Proposed Changes within thirty (30) days from the date on which Franchisor receives the Proposed Changes, the Proposed Changes will be deemed "rejected" by Franchisor.

4.3 Lease of Bakery Cafe Premises by Franchisee from Franchisor or Its Designee. In the event Franchisor develops the Bakery Café and leases or subleases the Bakery Café premises to Franchisee, Franchisee agrees to enter into a lease or sublease for the premises with, at Franchisor's option, Franchisor or its designee. Franchisee recognizes that, in the event Franchisor or its designee leases the premises to Franchisee, rent payable under the lease will include an additional fee during the term of the lease or sublease of One Hundred Fifty Dollars ($150.00) per month to Franchisor or its designee over and above the rent payable under the primary lease for the acquisition, by purchase or lease, or otherwise, of the Bakery Café premises.

4.4 Modifications. Upon completion of construction of the Bakery Café premises, no modifications or alterations shall be made to the Bakery Café by Franchisee without Franchisor's prior written consent.

4.5 Maintenance and Repair. Franchisee shall be solely responsible for maintenance and repair of the Bakery Café premises, the equipment and any other equipment, decor, furnishings, fixtures and tangible property in, on and about the Bakery Café premises, and the liabilities arising therefrom. Franchisee shall comply with the requirements for maintaining and replacing its equipment, decor, furnishings, fixtures and all other tangible property in, on and about the Bakery Café premises in accordance with this Agreement and the Manuals.

4.6 WARRANTY DISCLAIMER. FRANCHISEE ACKNOWLEDGES AND AGREES THAT FRANCHISOR MAKES NO WARRANTIES, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO ANY OF THE SIGNS, FIXTURES, FURNISHINGS, DECOR,

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ACCEPTED EQUIPMENT, OTHER EQUIPMENT, PRODUCTS, SUPPLIES AND MATERIALS USED IN CONNECTION WITH THE BAKERY CAFÉ (COLLECTIVELY REFERRED TO AS THE "MATERIALS"), THE AMOUNT WHICH FRANCHISEE MAY BE REQUIRED TO EXPEND TO ACQUIRE SUCH MATERIALS, NOR OF THE FITNESS OF THE MATERIALS FOR ANY PARTICULAR PURPOSE. ORAL STATEMENTS MADE BY FRANCHISOR OR FRANCHISOR'S EMPLOYEES OR AGENTS, OR STATEMENTS CONTAINED IN FRANCHISOR'S MANUALS OR OTHER PRINTED DOCUMENTS, OR ANY MANUFACTURER'S GENERAL ADVERTISING OR PRINTED DOCUMENTS, DO NOT CONSTITUTE WARRANTIES AND FRANCHISEE AGREES THAT IT DOES NOT PLACE AN ORDER FOR ANY MATERIALS IN RELIANCE UPON THEM. ANY MODEL OR SAMPLE SHOWN TO FRANCHISEE IS USED MERELY TO ILLUSTRATE THE GENERAL TYPE AND QUALITY OF THE MATERIALS AND NOT TO REPRESENT OR WARRANT THAT THE MATERIALS WOULD CONFORM TO SUCH MODEL OR SAMPLE.

FRANCHISEE SHALL INDEMNIFY AND HOLD FRANCHISOR HARMLESS FROM AND AGAINST, AND FRANCHISOR SHALL NOT BE LIABLE FOR, ANY AND ALL DEMANDS, LOSSES, LIABILITIES, COSTS, EXPENSES, AND DAMAGES, INCLUDING WITHOUT LIMITATION ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES, WHICH MAY ARISE IN CONNECTION WITH THE SALE OR USE OF THE MATERIALS, WHETHER WITH RESPECT TO CLAIMS OF BREACH OF CONTRACT, BREACH OF WARRANTY, NEGLIGENCE OR OTHER CLAIMS. IN PARTICULAR, FRANCHISOR SHALL NOT BE LIABLE FOR LOSS OF SALES, REVENUES AND/OR PROFITS AND/OR CLAIMS OF FRANCHISEE OR ANY THIRD PARTIES.

ARTICLE 5.
SERVICES FURNISHED BY FRANCHISOR

Franchisor agrees during the term of this Agreement to provide the following assistance and services:

5.1 Site Selection. Franchisee has the sole responsibility for selecting a site. Franchisor shall then review and approve or disapprove the Franchisee's site and/or lease agreement, based on an analysis of local competing businesses, population density and other demographics, visibility and accessibility, traffic patterns, the neighborhood, suitability of the premises to be leased and other factors more fully described in the Manuals. The suitability of a site is determined on a case-by-case basis. Franchisor's approval of a site does not constitute a guarantee by Franchisor that the Franchise will be profitable at that site.

5.2 Plans and Specifications. Franchisor will provide generic plans and specifications for the prototypical Bakery Café, its construction, layout, decor, design, exterior design, equipment and fixtures.

5.3 Advisory Assistance and Services. Franchisor shall provide such initial and continuing advisory assistance as Franchisor, in its sole discretion, deems advisable in the opening and operation of the Franchise. In addition, Franchisor shall provide such general

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services and other assistance as Franchisor, in its sole discretion, deems necessary and appropriate. Franchisor shall provide such assistance at no expense to Franchisee; provided, however, Franchisor reserves the right, in its sole discretion, to charge Franchisee a reasonable fee for unusual, extensive or extraordinary assistance requested by Franchisee and/or require Franchisee to reimburse Franchisor for expenses incurred by it in connection with providing such services. In no event shall Franchisor be liable to Franchisee in connection with providing or failing to provide such services.

5.4 Training. Franchisor shall make available such training programs and refresher courses for Franchisee (or, if Franchisee is not an individual, its Designated Principal) and Franchisee's Bakery Café managers and employees, as it deems appropriate.

a. Franchisee/Manager Initial Training. As a condition to the right to franchise and operate hs Bakery Café and prior to the Bakery Café Opening Date, Franchisee, and if Franchisee is not an individual, its Designated Principal, and Franchisee's Bakery Café manager(s) must attend and successfully complete to Franchisor's sole satisfaction Franchisor's initial training program. The exact days will be mutually selected by Franchisor and Franchisee. Such training program shall be at no charge to the Franchisee, but Franchisee shall be responsible for any salary, travel, lodging, meal or other costs for the attendee(s) of the training program. Franchisee must have at least one fully trained, full-time manager operating the Franchise during the entire term of this Agreement.

b. Initial Training of Franchisee's Baker. Prior to the Bakery Café Opening Date, one (1) baker for Franchisee's Bakery Café must complete, to Franchisor's sole satisfaction, a training course at Franchisor's main offices, or such location as designated by Franchisor. Such training will take approximately two (2) weeks. Successful completion of this training course is mandatory prior to the opening of Franchisee's Bakery Café. Franchisor will not charge Franchisee for such initial training, but Franchisee must pay for all necessary salary, lodging, meals, travel and other expenses related to the baker's training. Any and all subsequent bakers employed by Franchisee must successfully undergo this training, regardless of the baker's past experience or qualifications. If Franchisee, at any time during the term of this Agreement, does not have a baker properly trained and qualified by Franchisor, Franchisor may, but shall not be obligated to, supply Franchisee with a qualified and trained baker from its own staff, if available, for the period in which Franchisee is without a trained and qualified baker. In such a case, at the end of each week, Franchisee shall pay Franchisor the salary and expenses, including travel and transportation costs, incurred by the loaned baker while at Franchisee's location. Franchisee is required, at all times and without exception, to have a baker preparing the baked goods who is a Franchisor certified baker.

c. Ongoing Training. At Franchisor's option, any manager subsequentiy employed by Franchisee shall attend and complete, to Franchisor's sole satisfaction, Franchisor's initial training program. In addition, Franchisee, and if Franchisee is not an individual, Franchisee's Designated Principal, managers and other employees shall attend such refresher courses, seminars, and other training programs as Franchisor may require from time to time. All training programs shall be at such times and places as may be designated by Franchisor. Franchisor shall provide such instructors and training materials for all required training programs as Franchisor may deem appropriate. Franchisee or its employees shall be responsible for any

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and all other expenses incurred by them in connection with any training program, including the cost of travel, lodging, meals, and wages.

d. Employee Training. Franchisee or Franchisee's manager(s) shall be responsible for training all of Franchisee's employees. Franchisor will provide training resources, at Franchisee's expense, to assist Franchisee with the training of its hourly employees. Franchisee shall at all times maintain a competent, conscientious, trained staff, including fully trained employees, who are qualified to operate required equipment, and who render competent, prompt, courteous and knowledgeable service to Bakery Café customers.

5.5 Manuals. Franchisor shall provide to Franchisee, on loan, one (1) copy of the Manuals.

5.6 Suppliers. Franchisor shall provide Franchisee a list of approved suppliers of necessary Products and supplies. As of the date of this Agreement, Franchisor's affiliate, Bake One, Inc., supplies scratch baked bakery goods, ready for proofing and finish-baking at the Bakery Café, which are offered for sale to Franchisee through approved distributors.

5.7 Store Opening. Franchisor has the right, but is not obligated, to provide personnel to assist Franchisee during the opening week of the Franchisee's Bakery Café. Should Franchisor exercise this right, Franchisor's personnel shall assist and direct these opening activities with the Franchisee.

5.8 Store Inspection. From time to time, Franchisor, its agent or designee, on its own initiative or as may be reasonably requested by Franchisee, shall completely inspect the Store and its operation to evaluate compliance with the System, the Manuals, and the Agreement, and shall prepare and deliver a written confidential report to Franchisee containing the results of any such inspection.

5.9 Merchandising/Advertising/Marketing Assistance. From time to time Franchisor may, at its sole discretion, consult with and advise Franchisee conceming recommended merchandise suppliers, equipment, inventory, and other matters relating to the Bakery Café's merchandising activities, and conceming recommended programs available for promotional advertising and marketing.

5.10 Other Consultation and Services. From time to time Franchisor may provide, as it deems appropriate in its complete discretion, consultation, advice, guidance and services in addition to those enumerated above, either with or without cost to Franchisee.

5.11 Pricing. Franchisee shall have the right to sell its Products and to offer its services at any prices Franchisee may determine, and shall in no way be bound by any price which may be recommended or suggested by Franchisor; provided, however, that to the extent permitted by law, Franchisor shall have the right to establish maximum prices for any given Product or service offered by Franchisee. Subject to the foregoing, Franchisee shall not exceed any maximum price established by Franchisor, but remains free to charge any price below the maximum price established by Franchisor. Franchisee acknowledges that Franchisor and its Affiliates and any of their respective licensees may sell the same Products as Franchisee at discounted prices or other retail prices below those established by Franchisee. Nothing contained herein shall be deemed a

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representation by Franchisor that the use of the Franchisor's suggested prices will in fact optimize profits.

ARTICLE 6.
OBLIGATIONS OF FRANCHISEE; BAKERY CAFÉ SYSTEM AND PROCEDURES

6.1 Pre-Opening Obligations.

a. Compliance with Law. Franchisee shall comply with all federal, state and local laws, rules and regulations and shall timely obtain any permits, certificates or licenses necessary for the full and proper conduct of the Franchise, including licenses to do business, fictitious name registrations, sales tax permits, fire clearances and zoning and building approvals.

b. Conditions to Bakery Café Opening and Grant of Franchise. As a condition to the right of Franchisee to open and operate its Bakery Café and use the System and the Marks, Franchisee must (i) complete, to the sole satisfaction of Franchisor, all of the requirements and obligations set forth herein required to be performed by Franchisee prior to opening the Bakery Café, including, but not limited to, the requirements and obligations in Sections 1.4, 2.1, 4.1, 4.2, 4.3, 5.4.a., 5.4.b., 6.1.a., 6.19, 26.1, 26.2 and 26.4, (ii) provide to Franchisor personal guarantees of Franchisee's payment and other performance obligations under this Agreement and any Related Agreements, executed by Franchisee and his or her spouse, or if Franchisee is not an individual, by Franchisee's Principals and their respective spouses, in a form prescribed by Franchisor as it deems necessary for adequate security, and (iii) be in full compliance with the terms of this Agreement and all Related Agreements. The foregoing requirements shall be collectively referred to herein as the "Pre-Opening Obligations." Time is of the essence in the performance of all Pre-Opening Obligations.

c. Failure to Meet Conditions for Bakery Café Opening and Grant of Franchise. Franchisee shall not use the Marks or System, except to the extent necessary to fulfill Franchisee's Pre-Opening Obligations, and may not under any circumstances commence operation of its Bakery Café prior to the timely completion of the Pre-Opening Obligations to the sole satisfaction of Franchisor. If full performance of the Pre-Opening Obligations is not completed by Franchisee during the Pre-Opening Period, or if Franchisee has not opened its Bakery Café on or before the last day of the Pre-Opening Period, then Franchisor may, upon notice without opportunity to cure, terminate the right of Franchisee to franchise, and immediately upon such notice, all rights, powers and privileges related thereto and under this Agreement shall terminate and shall be of no further force and effect, and Franchisee shall have no right to establish or operate a Bakery Café within any proposed territory or at the Accepted Location, and Franchisor shall be entitled to establish and to license others to establish Bakery Cafés within any proposed territory or at the Accepted Location. If Franchisee has not opened its Bakery Café on or prior to the end of the Pre-Opening Period, Franchisor may (but shall not be obligated to) extend the Pre-Opening Period for such period of time as Franchisor determines, in its sole discretion, by written notice to Franchisee. No written communication other than such a written extension shall be deemed a written notice for this purpose.

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6.2 Name of Franchise. Franchisee shall operate the Franchise under the trade name ATLANTA BREAD COMPANY and shall use no other name in connection with any operation conducted from the Accepted Location without the prior written consent of Franchisor.

6.3 Operate Franchised Business Only. Franchisee shall use the Bakery Café premises solely for the operation of the Franchise and agrees not to permit any person to carry on or conduct any other business, activity or operation at, in or about the Bakery Café premises without the prior written consent of Franchisor. Franchisee shall use the System and the Marks for the operation of the Franchise and shall not use them in comection with any other line of business or any other activity.

6.4 Compliance With Laws. Franchisee shall comply with all federal, state and local laws, rules, regulations, and ordinances and shall obtain and at all times maintain any and all permits, certificates, or licenses necessary for full and proper operation of the Franchise. Franchisee acknowledges that Franchisor's standards may exceed any and all of the requirements of such laws.

6.5 Ethical Conduct. Franchisee shall in all aspects of Bakery Café operations and in dealings with customers, suppliers, landlords, Franchisor and its Affiliates, other franchisees and the general public adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. Franchisee agrees, and shall cause its employees, to refrain from any conduct, business or advertising practice which may be injurious or prejudicial to the reputation or business of Franchisor, the System, and the goodwill associated with the Marks and other ATLANTA BREAD COMPANY Bakery Cafés.

6.6 Employees. Franchisee shall maintain a fully trained competent staff, including at least one (1) full-time manager trained and approved by Franchisor, capable of rendering courteous, quality service to customers. Franchisee shall take such steps as are necessary to ensure that its employees preserve good customer relations, comply with the requirements, specifications and standards set forth in this Agreement or prescribed in the Manuals or otherwise in writing, and, at the sole cost of Franchisee and/or its employees, comply with such dress code requirements as Franchisor may prescribe, including, but not limited to, wearing any required uniforms and name tags in a clean and neat condition at all times while working in the Bakery Café.

6.7 Bakery Café Management. Franchisee (or if Franchisee is an Entity, its Designated Principal) and/or its manager(s) shall devote fiill time energy and best efforts to the management and operation of Franchisee's Bakery Café. Franchisee (or if Franchisee is an Entity, its Designated Principal) shall personally manage Franchisee's Bakery Café during the opening week and for eight (8) weeks thereafter, unless otherwise approved by Franchisor.

6.8 Products, Equipment, and Supplies.

a. Use of Approved Products, Equipment, and Supplies. Franchisee shall: maintain in sufficient supply, and shall at all times purchase, sell, and use, only such Products, inventory, equipment, fixtures, materials, supplies, and other items (collectively, "items") as Franchisor shall prescribe or approve in advance in writing (in the Manuals or otherwise); refrain

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from using or selling any items that Franchisor has not expressly approved for use or sale at the Bakery Café; not wholesale, directly or indirectiy, any items at the Bakery Café or otherwise; promptly (or immediately, if so directed by Franchisor) discontinue selling and offering for sale any items or services that Franchisor may, in its sole discretion, disapprove at any time for any reason whatsoever; purchase all items required for the operation of or sold at the Bakery Café solely from suppliers (including manufacturers, wholesalers, and distributors) that Franchisor has approved in writing (in the Manuals or otherwise) to sell such items to Franchisee at that time; purchase, install, operate and maintain in good working order, in the ordinary course of business, at Franchisee's expense (such expense to include reasonable maintenance fees), such fixtures, furnishings, signs and other equipment, including a POS System, and such other computerized equipment with such upgrades to the system and equipment as Franchisor may reasonably direct from time to time in the Manuals or otherwise in writing; and not install or permit to be installed in, on or about the Bakery Cafe premises, without Franchisor's prior written consent, any fixtures, furnishings, signs, equipment, or other improvements not previously approved as meeting Franchisor's standards and specifications. All suppliers must be approved in writing by Franchisor and not thereafter disapproved. Franchisor has the absolute discretion to approve or disapprove any items or suppliers for any reason whatsoever. Further, Franchisor may revoke its approval of a previously approved supplier at any time for any reason whatsoever. As any items become obsolete or inoperable, Franchisee will replace such items with the types and kinds of items as are then specified and accepted by Franchisor for use in ATLANTA BREAD COMPANY Bakery Cafés. If Franchisor determines that additional or substitute items are needed because of a change in menu items or methods of preparation, service or operation, Franchisee will install, at its own expense, the new items within the time frame time specified by Franchisor.

b. Approval of Unapproved Suppliers. If Franchisee desires to purchase any items from an unapproved supplier, Franchisee shall submit to Franchisor a written request for such approval. In considering any supplier, Franchisor may consider factors such as the supplier's financial strength, quality control, and capacity to supply Franchisee's needs promptly and reliably. Franchisor shall have the right to require, as a condition of its approval and review, that its representatives be permitted to inspect the facilities of the proposed supplier and that the proposed item be delivered to Franchisor or its designee for testing. The cost of such inspection and testing shall be paid by Franchisee or supplier, and Franchisor shall not be liable for damage to or for the return of any sample. No supplier shall be deemed approved by Franchisor, unless such approval is given by Franchisor in writing. Franchisor reserves the right to re-inspect the facilities and to retest the product of any approved supplier and to revoke any approval previously given for any reason whatsoever. Franchisor or its authorized representatives may at any time during normal business hours enter Franchisee's Bakery Café and remove any items or stop any services that are not approved by Franchisor, not provided by suppliers approved by Franchisor, or which are otherwise prohibited by this Agreement or applicable law.

c. Additional Franchisor Rights. Franchisor reserves the right to require Franchisee to purchase designated proprietary items and Products, and Products bearing the Marks, as specified in the Manuals from time to time, from Franchisor or its Affiliates or from sources designated or approved by Franchisor, to the extent permitted by law. Franchisor and its Affiliates may derive profits from the sale of required or optional items. Without limiting the generality of the foregoing, Franchisor and its Affiliates may receive payments, discounts or

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other consideration from suppliers in consideration of such suppliers' dealings with Franchisee and/or other franchisees of Franchisor. Any such amounts and benefits shall be kept by Franchisor as compensation for locating and negotiating with suppliers for franchisees and may be used by Franchisor without restriction. Franchisor is not required to give Franchisee an accounting of supplier payments or to share the benefit of supplier payments with Franchisee or other franchisees of Franchisor.

6.9 No Vending Machines Without Franchisor Approval. Jukeboxes, games of chance, video games, newspaper racks, children's rides, telephone booths, and cigarette, gum, candy, or other vending machines may not be installed in, on or about the Bakery Café premises without the prior written consent of Franchisor, and only then in such manner as prescribed by Franchisor for all of its franchisees.

6.10 Maintain Regular Business Hours. Franchisee shall keep its Bakery Café open and in normal operation during normal business hours for its geographical region, for Seven (7) days per week, Fifty-Two (52) weeks per year, with minimum hours of 6:30 A.M. to 9:00 P.M., except Christmas Day, Thanksgiving Day, New Year's Day, unless otherwise authorized in writing by Franchisor (subject to local ordinances or lease restrictions, if any). Such minimum hours and days of operation may be changed as Franchisor may from time to time specify in the Manuals. If Franchisee operates the Bakery Café in a mall or similar facility, Franchisee shall keep the Bakery Café open when the mall or similar facility is open to the general public, unless a waiver of hours is granted by the mall.

6.11 Conformity with the System and Manuals. Franchisee shall operate the Franchise in strict accordance with the System and the Manuals, as they may be further developed, amended, changed, modified, or supplemented by Franchisor from time to time.

6.12 Telephone Number of Business. Franchisee understands and agrees that the telephone number(s) for the Franchise constitute a part of the System and is(are) subject to the restrictions of this Agreement. Accordingly, Franchisee shall not change the telephone number(s) for the Franchise without the prior written consent of Franchisor. Franchisee shall advertise and publicize the telephone number(s) for the Business in the manner prescribed by Franchisor.

6.13 Signs. Franchisee shall prominently display and maintain in first class appearance and condition, at Franchisee's expense, signs of such nature, form, color, number, illumination, size and location, and containing such names, designs, legends and symbols, as Franchisor shall prescribe in the Manuals or otherwise in writing. Franchisee shall not display at its Bakery Café or elsewhere any signs or advertising media which have not been approved by Franchisor in writing. Franchisor or its authorized representatives may at any time during normal business hours enter the Franchisee's Bakery Café and remove any signs or advertising media that are objectionable in the sole judgment of Franchisor.

6.14 Inspections. Franchisee shall permit Franchisor and its agents to enter upon the Bakery Café premises at any reasonable time, with or without advance notice, for the purpose of conducting inspections of the Bakery Café premises, inspecting or auditing Franchisee's books and records, and evaluating Franchisee's operations to ensure compliance with this Agreement and the Manuals. Franchisee shall cooperate with Franchisor's representatives in such

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inspections, audits and evaluations by rendering such assistance as they may reasonably request; and, at the request of Franchisor or its agents, and without limiting Franchisor's other rights under this Agreement, shall take such steps as may be necessary to immediately correct any deficiencies detected during such inspections, audits and evaluations. Franchisor or its representative may at any time take photographs of Franchisee's Bakery Café for use in its reports and for any other reason, including the use of the photographs in advertising materials for the benefit of Franchisee, Franchisor or the System as a whole, without any compensation to Franchisee for the use and publication of said photos.

6.15 Litigation. Franchisee shall notify Franchisor, in writing, immediately, but in any event within three (3) days, of the commencement by Franchisee or any third party of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation or financial condition of the Franchise or the System.

6.16 Maintenance. Franchisee shall at all times maintain its Bakery Café (including equipment, fixtures, and adjacent public areas) in a clean, orderly condition, in first class repair and condition, and in accordance with all maintenance standards set forth in the Manuals; and, in connection therewith, the Bakery Café shall be refurbished, at Franchisee's expense, including such additions, alterations, repairs, and replacements thereto (but no others without Franchisor's prior written consent) as may be required by Franchisor for that purpose, including such periodic repainting, repairing, and replacing of obsolete signs, equipment, fixtures, and furnishings as Franchisor may reasonably require. Franchisee shall undertake and complete such additions, alterations, repairs, and replacements within the time and under the terms and conditions which may be reasonably specified by Franchisor. Except as may be expressly provided in the Manuals, no changes of any kind in design, equipment, signs, interior or exterior decor items, fixtures or furnishings shall be made without the prior written approval of Franchisor in each instance.

6.17 Remodeling. No later than the fifth (5th) anniversary of the Bakery Café Opening Date, Franchisee shall remodel and renovate its Bakery Café (including signs, equipment, fixtures, furnishings and Bakery Café layout), at Franchisee's expense, to conform to the building design, trade dress, color schemes, and presentation of Marks consistent with the then-current public image of the System, as determined by Franchisor in its sole discretion, to protect the value, goodwill and uniformity symbolized by the Marks and the System.

6.18 Catering Sales. In addition to the operation of the Bakery Café, and the sales made to the general public from therein, Franchisee agrees to offer a catering service to the general public, with production of the prepared Products to be done on the Bakery Café premises. In order to accomplish this, Franchisee agrees as follows:

a. Vehicles. Franchisee agrees to provide a sufficient number of suitable vehicles and personnel to provide satisfactory catering service at all times during approved hours of operation, to all customers located within the Exclusive Territory. Franchisee agrees to purchase or lease a suitable number of dedicated catering vehicles if the same is required to meet Franchisee's catering service obligations.

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b. Quality of Catering Service. Franchisee will not offer catering service to any customer whose order cannot be delivered safely and lawfully at the time and place when such order is to be delivered, taking into consideration the then-existing weather and road conditions. In the event of inclement weather, or the capacity of the Bakery Café to process the projected catering order, if the estimated catering delivery time exceeds the scheduled delivery time by more than ten (10) minutes, Franchisee shall inform the customer of such before accepting the order for catering. While Franchisor does not have a "catering time guarantee", Franchisee shall adequately staff and equip its Bakery Café with a suitable number of vehicles so as to offer competitive and timely catering service.

c. Boundaries of Catering Service. Franchisee shall offer catering service throughout the Exclusive Territory. Franchisor will not reduce the catering area to anything less than the Exclusive Territory. Franchisor may, from time to time, grant to Franchisee a non-exclusive, revocable license to provide catering service to specific areas outside of the Exclusive Territory. The expanded area beyond the Exclusive Territory may only be established in writing by Franchisor. Franchisee acknowledges that the license to provide catering service to any expanded area is temporary in nature and may be revoked at any time for any reason by Franchisor; that Franchisee's advertising and other marketing or service efforts in the expanded area accrue only to the benefit of Franchisor; and that Franchisee's efforts within the expanded area do not entitle Franchisee to any continuing rights whatsoever in the expanded area.

6.19 Security Interest. As security for the payment and performance of all of Franchisee's obligations under this Agreement, whether such obligations now exist or arise hereafter, and whether direct or indirect, certain or contingent (including, but not limited to, the payment of continuing royalty and advertising fees), Franchisee grants to Franchisor a continuing security interest in the following properties, assets and rights of the Franchisee, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof (all of the same being hereinafter called the "Collateral"):

(a) all accounts receivable;

(b) all inventory;

(c) all furniture, trade fixtures, machinery and equipment;

(d) all general intangibles (including customer lists);

(e) all contract rights; and

(f) all products and proceeds of any of the Collateral described in the foregoing subsections (a) – (e).

In addition, Franchisee grants to Franchisor a security interest in the Collateral to secure the performance and payment of all liabilities, obligations and indebtedness of Franchisee to Franchisor, whether secured or unsecured, direct or indirect, absolute or contingent, whether heretofore arising, now existing or hereafter existing, including all obligations of Franchisee arising under this Agreement.

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Franchisee shall execute and deliver such financing and continuation statements, and execute and deliver such further documents, as Franchisor may deem appropriate to perfect the security interests granted hereunder. Franchisee grants to any officer of Franchisor an irrevocable power of attorney to execute and file such statements and documents on Franchisee's behalf Franchisee shall keep the Collateral free and clear of all taxes, liens, and encumbrances, and, without Franchisor's prior written consent, shall not mortgage, pledge, grant or create any other security interest in the Collateral, until payment in full of the obligations secured hereunder, and shall not transfer or otherwise dispose of the Collateral, except in the ordinary course of business.

If Franchisee fails to make payment or performance in full in accordance with all of Franchisee's obligations secured hereunder, then Franchisor shall have all rights and remedies at law or in equity available to Franchisor as a secured creditor.

ARTICLE 7.
CONFIDENTIAL OPERATING MANUALS

7.1 Manuals. Franchisee shall conduct its business in strict accordance with the Manuals, one (1) copy of which shall be furnished to Franchisee on loan for the term of this Agreement. Franchisee shall at all times use all reasonable efforts to maintain the Manuals and the information contained therein as secret and confidential. Franchisee shall not at any time copy, duplicate, record, or otherwise reproduce the Manuals, in whole or in part, nor otherwise make the same available to any unauthorized person. The Manuals shall at all times remain the sole property of Franchisor and shall at all times be kept in a secure place on the Bakery Café premises. The Manuals must be returned to Franchisor, along with any copies made thereof, upon expiration or termination of the Agreement. Franchisee acknowledges that Franchisor may from time to time revise the contents of the Manuals to implement new or different requirements for the operation of the Franchise, the implementation of which may require the expenditure of additional sums of money by Franchisee. Franchisee agrees to comply immediately (or by such later time as Franchisor may allow) with all new or changed policies, procedures or standards as required. Franchisee shall at all times ensure that hs copy of the Manuals is kept current and up to date. In the event of any dispute as to the contents of the Manuals, the terms of the master copy of the Manuals maintained by Franchisor at Franchisor's home office shall be controlling. Any additional copy of Franchisor's Manuals shall be issued solely at the discretion of Franchisor, and Franchisee shall pay a fee in the amount of five hundred dollars ($500.00) for each additional copy.

ARTICLE 8.
ADVERTISING

8.1 Advertising Fund. Franchisor or its designee, in its complete discretion, may maintain and administer an advertising fund ("Advertising Fund") for advertising, promotional, and marketing programs ("Advertising"), and shall in its sole discretion direct all such programs, concepts, materials and media used therein. During the time that any such Advertising Fund is established and operating, the following provisions shall apply:

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a. Franchisee shall make weekly payments to the Fund in the amount of three percent (3%) of weekly Gross Sales as calculated and paid in the same manner and at the same time as Royalty Fees as described in Article 2 of this Agreement ("Advertising Fee"). Franchisee agrees and acknowledges that the Fund is intended to maximize general public recognition, acceptance, and use of the System and that Franchisor and its designees are not obligated in administering the Fund to make expenditures for Franchisee which are equivalent or proportionate to Franchisee's contribution, or to ensure that any particular Franchisee benefits directly or pro rata from expenditures by the Fund. Franchisor does not warrant or represent that any or all of the advertising or promotional materials or campaigns will be successful or will achieve any particular result.

b. The Fund, all contributions thereto, and any earnings thereon shall be used exclusively to meet any and all costs of maintaining, administering, directing, and preparing advertising and/or promotional activities including the costs of preparing and conducting television, radio, magazine, and newspaper advertising; marketing surveys and other public relations activities; employing advertising agencies to assist therein; providing promotional and other marketing materials to the Bakery Cafés operated under the System; costs associated with processing member contributions to the Fund; and payment of salaries and expenses of Franchisor and its Affiliates associated with administering the Fund and processing member contributions to the Fund.

c. All sums paid by Franchisee to the Fund shall be maintained in an account separate from the other monies of Franchisor. Franchisor or its designee shall maintain separate bookkeeping accounts for the Fund.

d. It is anticipated that all contributions to and earnings of the Fund generally will be expended for advertising and/or promotional purposes during the taxable year within which the contributions and earnings are received. If, however, excess amounts remain in the Fund at the end of such taxable year, all expenditures in the following taxable year(s) shall be made first out of accumulated earnings from previous years, next out of contributions from previous years, next out of current earnings, and finally from current contributions.

e. The Fund is not and shall not be an asset of Franchisor or its designee. An audited report of the operations of the Fund as shown on the books of the Fund shall be prepared annually by Franchisor and shall be made available to Franchisee upon request.

f Although the Fund is intended to be of perpetual duration, Franchisor maintains the right to terminate the Fund. The Fund shall not be terminated, however, until all monies in the Fund have been expended for advertising, set aside for future contracted advertising commitments and/or promotional purposes or returned to contributors on the basis of their respective contributions.

g. The expenditure of Fund monies is to be under the control of, and in the sole discretion of, Franchisor or its designee at all times. Franchisor reserves the right to forgive any payments due to the Fund by any franchisee and to, at its option, allow franchisees to spend monies due to the Fund on local advertising. Franchisor will not be liable for any act or omission with respect to the Fund that is consistent with this Agreement and done in good faith.

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Except as expressly provided in this Section 8.1, Franchisor assumes no direct or indirect liability or obligation to Franchisee with respect to the maintenance, direction or administration of the Fund. Franchisee acknowledges and agrees that Franchisor is not operating or acting as a trustee or fiduciary with respect to the Fund.

8.2 Marketing Items. Franchisor may make available to Franchisee from time to time, at Franchisee's expense in such amounts to cover Franchisor's direct costs, advertising plans and promotional materials, including newspaper mats, coupons, merchandising materials, sales aids, point-of-purchase materials, special promotions, direct mail materials, community relations programs, and similar advertising and promotional materials.

8.3 Local Advertising. Franchisee agrees to create a local advertising and marketing plan by which Franchisee shall place local advertising. Franchisee shall not advertise the Franchise in connection with any other business without Franchisor's prior written approval. Franchisee shall not use such plans or materials until they have been approved by Franchisor in accordance with Section 8.6, and shall promptly discontinue use of any advertising or promotional plans and material upon the request of Franchisor. Franchisee shall spend a minimum of One Percent (1%) of the Gross Sales of its Bakery Café on local advertising and promotion.

8.4 Advertising Standards. All advertising and Media communications by Franchisee in any medium shall be conducted in a dignified manner, shall be completely truthful, accurate, and not misleading, shall comply with the highest ethical standards applicable to advertising generally and the business in particular, shall comply with all federal, state, and local laws and regulations, and shall conform to such standards and requirements as Franchisor may specify from time to time in the Manuals or otherwise in writing.

8.5 Telephone Directory Listing/Advertisements. Listings and advertisements in local telephone directories obtained by Franchisee, if any, shall be in the form, size, and type of directory specified by the Franchisor in the Manuals or otherwise in writing. Such listings and advertisements shall be at Franchisee's cost, are in addition to the Advertising Fee, and will not be paid for out of the Fund.

8.6 Approval. Franchisee shall submit samples of all advertising, promotional plans and materials proposed to be used by Franchisee or any organization or association in which Franchisee is a member whose business relates, directly or indirectly, to Franchisor or the Franchise, and any other advertising or promotional media to Franchisor (via U.S. mail, return receipt requested) for its approval (except with respect to prices to be charged), if such plans and materials have not been prepared or previously approved by Franchisor, and Franchisee shall not use any such advertising or promotional plans or materials prior to receiving written approval of the same from Franchisor. This requirement shall apply to any and all advertising, promotional plans or materials, and any other advertising or promotional media, including, but not limited to, those placed by Franchisee directly or indirectly, those placed on Franchisee's behalf by another person, and those to which Franchisee contributes any financial or other consideration. If written approval is not received by Franchisee from Franchisor within thirty (30) days of date of receipt by Franchisor of such samples or materials, Franchisor shall be deemed to have disapproved them. In no event shall Franchisee's advertising contain any statement or material which may be

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considered (a) in bad taste or offensive to the public or to any group of persons, (b) defamatory of any person or an attack on any competitor, (c) to infringe upon the use, without permission, of any other persons' trade name, trademark, service mark or identification, or (d) inconsistent with the public image of Franchisor or of the System.

8.7 Co-operative Advertising. Franchisor shall have the right, in its discretion, to establish a local or regional advertising co-operative at any time in the future upon notice to Franchisee. If such a co-operative is established, Franchisor shall have the right to require Franchisee's participation in the co-operative, to require Franchisee to contribute a minimum of One Percent (1%) of Gross Sales to the co-operative (which amount shall be credited against any expenditure required in Section 8.3), and to require Franchisee to sign any co-operative advertising agreement and other documents it deems necessary.

ARTICLE 9.
RECORD KEEPING; FINANCIAL INFORMATION

9.1 Bookkeeping, Accounting and Records. Franchisee shall maintain and preserve for a minimum of five (5) years from the dates of their preparation, all cash register tapes and full, complete, and accurate books, records, and accounts in accordance with generally accepted accounting principles and in the form and manner prescribed by Franchisor from time to time in the Manuals or otherwise in writing. Franchisee shall record all Gross Sales immediately at the time of sale and at the actual price charged to the customer on POS Systems approved by Franchisor which have a sealed and continuous tape which cumulates and consecutively numbers all purchases.

9.2 Franchisor's Right to Audit. Franchisor or its designated agents shall have the right, at all reasonable times, to examine and copy, at Franchisor's expense, the books, records, and tax returns of Franchisee and the Franchise. Franchisor shall also have the right, at any time, to have an independent audit made of the books of the Franchise. If an inspection should reveal that any payments to Franchisor have been understated in any report to Franchisor, then Franchisee shall immediately pay to Franchisor the amount understated upon demand, in addition to interest on such amount from the date such amount was due until paid, at the rate of one and one-half percent (1 1/2%) per month, or the maximum rate permitted by law, whichever is less, calculated on a daily basis. Such payments shall be without prejudice to any other rights or remedies which Franchisor may have under this Agreement or otherwise. If any audit or inspection reveals that the Gross Sales reported in any report or statement are greater than the actual Gross Sales ascertained by such audit or inspection, and that Franchisee thereby has made an overpayment of fees, the amount of the overpayment (without interest) shall be offset against future fees owing by Franchisee to Franchisor. If an audit or inspection discloses an understatement of two percent (2%) or more in any report of Gross Sales or any payment to Franchisor, Franchisee shall, in addition, reimburse Franchisor for any and all costs and expenses relating to the audit or inspection (including, without limitation, travel, lodging and wage expenses and reasonable accounting and legal costs), and, at Franchisor's discretion, submit audited financial statements prepared, at Franchisee's expense, by an independent certified public accountant satisfactory to Franchisor. If an audit or inspection discloses an understatement of four percent (4%) or more in any report of Gross Sales or any payment to Franchisor, such act or omission shall constitute grounds for immediate termination of this Agreement, as set forth in

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Section 29.2 hereof. The foregoing remedies shall be in addition to any other remedies Franchisor may have pursuant to this Agreement or as provided at law or in equity..

9.3 Periodic Reports. Franchisee shall submit to Franchisor during the term of this Agreement, after the Bakery Café Opening Date, (a) a royalty report, on a one (1) week accounting period basis in the form prescribed by Franchisor from time to time, accurately reflecting all Gross Sales during the preceding one week accounting period, and such other data or information as Franchisor may require, to be received by Franchisor within five (5) days from the date of expiration of each such one (1) week accounting period; (b) profit and loss statements, balance sheets and trial balances, for each accounting period, to be received by Franchisor within fifteen (15) days after the date of expiration of each period covered by the report, (c) copies of all tax returns relating to sales at the Bakery Café to be received by Franchisor within ten (10) days of the end of the state sales tax reporting period, and (d) such other reports, data or information as ABC may require in the manner and form prescribed by Franchisor in the Manuals or otherwise in writing. All financial information shall be prepared in accordance with generally accepted accounting principles, consistently applied.

9.4 Submission of Financial Statements. Franchisee shall, at its expense, submit to Franchisor, within thirty (30) days after the end of each calendar quarter during the term of this Agreement, on forms prescribed by Franchisor, financial statements, which may be unaudited, for the preceding quarter, including both an income statement and balance sheet. Franchisee shall, at its expense, submit to Franchisor, within sixty (60) days after the end of each fiscal year of Franchisee during the term of this Agreement, financial statements for such fiscal year, including both an income statement and balance sheet, which may be unaudited, together with such other information in such form as Franchisor may require. All such financial statements shall be prepared in accordance with generally accepted accounting principles, and shall be signed by Franchisee or by Franchisee's Treasurer or Chief Financial Officer, attesting that such financial statements are true, complete and correct. Simultaneously with the year-end financial statements, Franchisee shall provide Franchisor with a copy of all Federal, State and local tax returns and state sales tax reports for that year. If Franchisee fails to provide Franchisor with such financial statements and information as prescribed herein or, if thereafter, within five (5) days of Franchisor's request therefor, Franchisor shall have the right to have an independent audit made of Franchisee's books and records, and Franchisee shall promptly reimburse Franchisor for the cost thereof.

9.5 Other Information. Franchisee shall also submit to Franchisor, for review or auditing, such other forms, reports, records, bank statements, cash register tapes, information, and data as Franchisor may reasonably require, including Franchisee's federal and state income tax returns, sales and employment tax returns and evidence of payment of any such taxes required by local law, in the form and at the times and places reasonably designated by Franchisor, upon request and as specified from time to time in the Manuals or otherwise in writing.

9.6 Disclosure and Use of Information. Franchisee acknowledges and agrees that if Franchisor is required or permitted by statute, mle, regulation or any other legal requirement to disclose any information regarding Franchisee or the operation of the Bakery Café, including eamings or other financial information, Franchisor shall be entitied to disclose such information. Franchisor also shall be entitled to use any such information in connection with the business of

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Franchisor or its Affiliates. In addition, Franchisee hereby authorizes Franchisor to disclose any such information to its agents and potential purchasers (and their employees, agents and representatives) of Franchisor in connection with the sale or transfer of any equity interests or assets of Franchisor or any merger, reorganization or similar restructuring of Franchisor. Franchisee also hereby authorizes Franchisor to release to Franchisee's landlord, lenders or prospective landlords or lenders, any financial and operational information relating to Franchisee and/or the Bakery Café; however, Franchisor shall have no obligation to do so.

9.7 Accurate Information. All information to be furnished by Franchisee to Franchisor shall at all times be accurate, correct and complete in all material respects. The failure or refusal of Franchisee to furnish when due any of the statements required, or the failure of Franchisee to account properly for all income received by Franchisee, shall be deemed a default under this Agreement, and shall entitle Franchisor to all remedies as set forth in this Agreement.

9.8 Failure to Provide Information. In the event Franchisee shall not provide any required information or not provide such information in the required time or format as prescribed herein or in the Manuals or otherwise in writing, or after written request therefor, Franchisor shall have the right, but not the obligation, to obtain such information and Franchisee shall be responsible for any reasonable costs and expenses associated therewith.

ARTICLE 10.
FRANCHISEE ORGANIZATION; AUTHORITY; FINANCIAL CONDITION AND SHAREHOLDERS

10.1 Additional Requirements for Entity Franchisee. If Franchisee is or becomes an Entity:

a. Franchisee shall confine its activities solely to the establishment and operation of the Franchise.

b. Franchisee's Articles of Incorporation and Bylaws (or comparable governing documents) shall at all times provide that its activities are confined exclusively to operation of the Franchise and that the issuance, redemption, purchase for cancellation and transfer of voting stock, or other ownership interest therein, is restricted by the terms of this Agreement. Franchisee shall furnish Franchisor promptly upon request copies of Franchisee's Articles of Incorporation and Bylaws (or other comparable governing documents), and any other documents Franchisor may reasonably request, and any amendments thereto, from time to time.

c. Franchisee shall maintain a current list of all Principals of Franchisee and shall furnish such list to Franchisor upon request.

d. Franchisee shall maintain stop transfer instructions against the transfer on its record of Principals. All securities issued by Franchisee shall bear the following legend, which shall be printed legibly and conspicuously on each stock certificate or other evidence of ownership interest:

> The transfer of the [stock] [membership interest] [partnership interest] represented by this certificate is subject to the terms and conditions of a Franchise Agreement with Atlanta

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Bread Company International, Inc. dated _____. Reference is made to the provisions of said Franchise Agreement and to the [Articles and Bylaws of this Corporation] [Operating Agreement of this Limited Liability Company] [Partnership Agreement of this Partnership].

e. All Principals shall jointly and severally guarantee Franchisee's obligations and performance hereunder, in the form attached hereto as Exhibit C.

10.2 Representations and Warranties of Franchisee and Its Principals. If Franchisee is an Entity, Franchisee and each Principal represent and warrant that: (a) Franchisee is validly existing and in good standing under the laws of the State of hs formation; (b) Franchisee is duly qualified and is authorized to do business and is in good standing as a foreign corporation in each jurisdiction in which its business activities or the nature of the properties owned by it requires such qualification; (c) the execution and delivery of this Agreement and the transactions contemplated hereby are within Franchisee's corporate power; (d) the execution and delivery of this Agreement has been duly authorized by Franchisee; (e) the goveming documents of Franchisee delivered to Franchisor are true, complete and correct, and there have been no changes therein since the date thereof, (f) the certified copies of the minutes electing the officers of Franchisee and authorizing the execution and delivery of this Agreement are true, correct and complete, and there have been no changes therein since the date(s) thereof; (g) if applicable, the specimen stock certificate delivered to Franchisor is a true specimen of Franchisee's stock certificate; (h) the balance sheet of Franchisee and the balance sheets of its Principals delivered to Franchisor are their most recent balance sheets; have been prepared in accordance with generally accepted accounting principles; are true, complete and correct; and fairly present the financial positions of Franchisee and each Principal as of the dates thereof; and (i) there have been no materially adverse changes in the condition, assets or liabilities of Franchisee or Principals since the date or dates of such balance sheets.

10.3 Covenants of Franchisee and Its Principals. Franchisee and each Principal covenant that during the term of this Agreement: (a) Franchisee shall do or cause to be done all things necessary to preserve and keep in full force its corporate existence and shall be in good standing as a foreign corporation in each jurisdiction in which its business activities or the nature of the properties owned by it requires such qualification; and (b) Franchisee shall have the corporate authority to carry out the terms of this Agreement.

10.4 Ownership. Attached hereto as Exhibit F is a description of the legal organization of Franchisee (whether a corporation, limited liability company, partnership or otherwise), the names and addresses of each Principal, and the Ownership Interest of each Principal. Franchisee and each Principal represent, warrant and covenant that all Ownership Interests as described in Exhibit F are as set forth therein, that no Ownership Interest has been pledged or hypothecated, and that no change will be made in any Ownership Interest other than as permitted by this Agreement. Franchisee and Principal Shareholders agree to furnish Franchisor with such evidence as Franchisor may request, from time to time, for the purpose of assuring Franchisor that the Ownership Interests of Franchisee and its Principals remain as represented herein.

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ARTICLE 11.
TRANSFER

11.1 Transfer by Franchisor. Franchisor shall have the right to transfer or assign all or any part of this Agreement and Franchisor's rights or obligations herein to any person or legal entity without Franchisee's consent, and upon such transfer or assignment, the transferee or assignee shall be solely responsible for all of Franchisor's obligations arising under this Agreement subsequent to the transfer or assignment. In addition, Franchisor shall have the right to delegate performance of any or all of its obligations and duties hereunder. Franchisee agrees and affirms that Franchisor may sell hs assets, the Marks and/or the System to a third-party; may offer its securities privately or publicly; may merge, acquire other corporations, or be acquired by another corporation; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. Franchisee further agrees that Franchisor has the right, now or in the fiture, to purchase, merge, acquire or affiliate with an existing competitive or noncompetitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as ATLANTA BREAD COMPANY Bakery Cafés operating under the Marks or any other marks following Franchisor's purchase, merger, acquishion or affiliation, regardless of the location of these facilities, which Franchisee acknowledges may be proximate to its Bakery Café. With regard to any of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or related to the loss of Franchisor's name, the Marks (or any variation thereof) and the System and/or the loss of association with or identification of Franchisor under this Agreement. If Franchisor assigns its rights in this Agreement, nothing in this Agreement shall be deemed to require Franchisor to remain in the franchise business or to offer or sell any Products or services to Franchisee.

11.2 Transfer by Franchisee. Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee, and that Franchisor has granted this franchise in reliance on the business skill, financial capacity, and personal character of Franchisee and its Principals. Accordingly, no Transfer shall be made or attempted to be made without the prior written consent of Franchisor, which approval will not be arbitrarily withheld. Notwithstanding the foregoing, Franchisor's prior written consent shall not be required for a Transfer of less than a five percent (5%) interest in a Publicly-Held Corporation, provided that such Transfer does not result in a change in control of such Entity, Franchisee or the Franchise. The right to Transfer may only be exercised by Franchisee or its Principals and shall not be exercisable by a receiver, trustee, liquidator or other person acting in a comparable capacity with respect to the assets or ownership of Franchisee. Any Transfer in violation of this Agreement or the Manuals or other writing that Franchisor may prescribe shall be void and of no force and effect. In the event of any such Transfer in violation of this Agreement, Franchisee shall be in default hereunder and Franchisor shall be entitled to immediately terminate this Agreement on notice to Franchisee.

11.3 Conditions for Approval of Transfer. Franchisor's approval of any Transfer may be conditioned on any or all of the following:

a. The transferee (and, if the transferee is not an individual, such owners of a beneficial interest in the transferee as Franchisor may request) shall demonstrate to Franchisor's

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satisfaction that the transferee meets Franchisor's educational, managerial, and business standards; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to conduct the Franchised Business (as may be evidenced by prior related business experience or otherwise); and has adequate financial resources and capital to operate the Franchise on a continuing basis under the System;

b. All of Franchisee's accrued monetary obligations to Franchisor or any Affiliate of Franchisor shall have been satisfied, all or a portion of which Franchisor may require to be paid in immediately available funds, including wire transfers, on or before the date of transfer, and all other amounts owed to any suppliers for any and all other outstanding obligations related to Franchisee's Bakery Café shall have been satisfied;

c. At the transferee's expense, the transferee (and if transferee is not an individual, its individual owners) and the transferee's managers shall complete any training program then in effect for franchisees upon such terms and conditions as Franchisor may require;

d. The transferee shall execute Franchisor's then-current standard form of franchise agreement with a term equal to, at the option of Franchisor (i) the full initial term and the renewal term(s), if any, then being offered to new franchisees, or (ii) the remaining term of this Agreement and such renewal term(s), if any, as may be provided thereafter by the form agreement, and such ancillary documents (including, without limitation, personal guarantees) as are then customarily used by Franchisor in the grant of franchises for ATLANTA BREAD COMPANY Bakery Cafés, which agreement and documents may contain terms and conditions that differ materially from the terms and conditions of this Agreement and any Related Agreements; provided, however, that the transfer fee described in Section 11.3(e) below shall be in lieu of the initial franchise fee;

e. Franchisee or the transferee shall pay Franchisor a transfer fee not to exceed either (A) if Section 11.3(d)(i) applies, the then-current initial franchise fee being charged by Franchisor for a new franchised Bakery Café, or (B) if Section 11.3(d)(ii) applies, Thirty-Three and One Third Percent (33 1/3%) of the then-current initial franchise fee being charged by Franchisor for a new franchised Bakery Café, to cover Franchisor's supervisory, administrative, accounting, legal, training and other costs and expenses in connection with the Transfer;

f. Franchisee, and if the transferee is an existing franchisee of Franchisor, the transferee, and their respective Principals and any entity in which they have any Ownership Interest or control, directly or indirectly, whose business relates in any way to the Franchise or Franchisor, shall have executed a general release in a form prescribed by Franchisor, of any and all claims against Franchisor or any of its Affiliates and their respective officers, directors, shareholders, and employees, in their corporate and individual capacities, including claims arising under federal, state, and local laws, rules, and ordinances ;

g. In the event Franchisee's Bakery Café is not in compliance with Franchisor's policies, procedures or standards as set forth in this Agreement, the Manuals or otherwise in writing, the transferee shall agree in a writing prescribed by Franchisor to be

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responsible, at its cost, for achieving compliance with such policies, procedures or standards within a reasonable period of time, as determined by Franchisor, following the Transfer;

h. Neither transferee nor any of its Affiliates, principals or beneficial owners shall have a Competitive Position with or for a Competitive Bakery Café;

i. the Transfer must be made in compliance with any laws that apply to the Transfer, including state and federal laws governing the offer and sale of franchises;

j. Franchisee is not in default of any provision of this Agreement or any Related Agreement;

k. Franchisee shall have first offered to sell such interest to Franchisor pursuant to Section 11.5 hereof and Franchisor shall have declined such offer in the manner set forth herein;

l. The transferee shall, at its expense, remodel and upgrade the Bakery Café to conform to the then-current standards and specifications for Bakery Cafés under the System, and shall complete the remodeling and upgrading and other reasonable requirements within the time specified by Franchisor;

m. Franchisee and each guarantor of this Agreement shall remain liable for all obligations of the Franchise prior to the effective date of the Transfer and shall execute any and all instruments reasonably requested by Franchisor to evidence such liability;

n. Franchisee shall agree to remain obligated under the covenants against competition of this Agreement as if this Agreement had been terminated on the date of the Transfer;

o. The terms and conditions of the proposed Transfer shall be satisfactory to Franchisor.

11.4 Effect of Consent to Transfer. Franchisor's consent to a Transfer shall not constitute a waiver of any claims it may have against Franchisee or its Principals, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms or conditions of this Agreement by the transferee or Franchisee.

11.5 Right of First Refusal. If Franchisee or any of its Principals shall at any time determine to sell an interest in this Agreement, the Franchise, the Bakery Café, Bakery Café assets (other than inventory in the ordinary course of business) or an Ownership Interest in Franchisee, Franchisee or its Principals shall notify Franchisor in writing of the terms of each such sale (including copies of the offer and all related documents and agreements and all such information as Franchisor may reasonably request concerning the proposed purchaser), and Franchisor shall have the right and option, exercisable within thirty (30) days after receipt of such written notification and documents, agreements, and information, to send written notice to the seller, that Franchisor or its designee intends to purchase such interest on the same or, if, in the opinion of Franchisor, circumstances render an exact match of the sale terms not practicable, then the monetary equivalent of the terms and conditions of the sale. If the parties cannot agree within

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a reasonable time on the reasonable equivalent in cash of the consideration, terms, and/or conditions of the sale to the third party, an independent appraiser shall be designated by Franchisor, at Franchisor's expense, and his or her determination shall be binding. Closing on such purchase shall occur within sixty (60) days from the date of notice to the seller of the election to purchase by Franchisor or such later date as may have been provided in the terms of sale to the third party. If Franchisor does not exercise its right of first refusal, Franchisee or its Principals, as the case may be, may complete the sale to the third party pursuant to and on the exact terms of such offer, and subject to all the terms and conditions contained in this Article 11. Any material change in the terms of any sale prior to closing shall constitute a new offer subject to the same rights of first refusal by Franchisor as in the case of an initial offer. If the sale to the third party is not completed within ninety (90) days after Franchisor's thirty (30) day option period described herein expires, the seller shall notify Franchisor of such fact and Franchisor shall be entitled to purchase seller's interest on the same terms and conditions as the terms of sale of the third party, or the monetary equivalent thereof Failure of Franchisor to exercise any option afforded by this Section 11.5 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Article 11 with respect to a proposed Transfer.

11.6 Transfer Upon Death or Incapacity.

a. Upon the death or Incapacity of any person with any interest in the Franchise or in Franchisee (the effect of which would cause the Franchise to temporarily or permanently cease to operate in full compliance with all requirements of this Agreement), Franchisee shall immediately notify Franchisor of such event. Franchisor may, at its sole discretion, but without any obligation to do so, immediately enter upon the Bakery Café premises, and install a manager to manage and operate the Franchise for such time as Franchisor deems necessary, or until an approved Transfer in accordance with the terms of Section 11.2 occurs. Franchisor shall be entitled to reasonable compensation and recoupment of expenses incurred during this period. If Franchisor assumes the Bakery Café's management, Franchisee acknowledges that Franchisor will have a duty to use only reasonable efforts and will not be liable to Franchisee or its Principals for any debts, losses or obligations the Bakery Café incurs, or to any of Franchisee's creditors for any supplies or services the Bakery Café purchases while the Franchisor manages it.

b. Upon the death or Incapacity of any person with any interest in the Franchise or in Franchisee (and the Transfer of which interest would have the effect of Transferting a controlling interest in the Franchise or Franchisee), the executor, administrator, or personal representative of such person shall transfer his or her interest to a third party approved by Franchisor within six (6) months after such death or Incapacity. Such transfers, including transfers by devise or inheritance, shall be subject to the same conditions as any inter vivos transfer (transfer by conveyance). However, in the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions in this Article 11, the personal representative of the deceased person shall have a reasonable time to dispose of the deceased's interest in the Franchise or Franchisee, which disposition shall be subject to all the terms and conditions for Transfers contained in this Agreement. If an approved Transfer is not effected within a reasonable time, Franchisor may terminate this Agreement, immediately upon written notice to the personal representative or the executor, administrator or any living person

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having an Ownership Interest in the Franchise or Franchisee. As used in this Section 11.6, "Franchisee" may include an incapacitated or deceased controlling shareholder, partner, member, investor or other equity holder where the context so requires.

11.7 Offerings by Franchisee. Securities in Franchisee or an Entity owning a direct or indirect equity interest in Franchisee or any interest in this Agreement, may not be offered to the public by private or public offering or otherwise without the prior written consent of Franchisor. Without implying consent or approval by Franchisor, Franchisor requires that all materials required for such offering by federal or state law shall be submitted to Franchisor for review prior to their use or filing with any government agency; and any materials to be used in any offering exempt from federal or state securities laws shall be submitted to Franchisor for review prior to their use. No such offering shall imply (by use of the Marks or otherwise) that Franchisor is participating in underwriting, issuing, or offering securities of Franchisee or Franchisor; and Franchisor's review of any offering shall be limited solely to the subject of the relationship between Franchisee and Franchisor. Franchisee and the other participants in the offering must fully indemnify Franchisor in connection with the offering. For each proposed offering, Franchisee shall reimburse Franchisor for its reasonable costs and expenses associated with reviewing the proposed offering, including legal and accounting costs and salaries of Franchisor personnel. Franchisee shall give Franchisor written notice at least thirty (30) days prior to the date of commencement of any offering or other transaction covered by this Section 11.7. to enable Franchisor the opportunity to exercise its right of first refusal as provided in Section 11.5. Notwithstanding Franchisor's approval of any such offering, the remaining provisions of Article 11 shall apply to the Transfer.

ARTICLE 12.
SYSTEM/FRANCHISEE PROTECTION PROVISIONS – ACKNOWLEDGEMENTS AND ADDITIONAL DEFINITIONS

12.1 Franchisee Acknowledgements.

a. Franchisee and its Principals acknowledge and agree that: (i) Franchisor has spent a significant number of years and many millions of dollars developing, refining and promoting the Marks, the Manuals, the System and all component parts thereof; (ii) over the term of this Agreement Franchisee will receive Confidential Information and Trade Secrets, as defined below, which the Franchisor has developed and refined over significant time at great expense, including but not limited to information specified in the Manuals and regarding the System; (iii) the Confidential Information and Trade Secrets, including information contained in the Manuals, is not generally known in the industry and is beyond their own present skills and experience, and to develop it themselves would be expensive, time consuming, and difficult; and (iv) the Confidential Information and Trade Secrets provides a competitive advantage and will be valuable in the development and operation of the Bakery Café, and gaining access to it is a primary reason for entering into this Agreement.

b. Franchisee and its Principals further acknowledge and agree that: (i) Franchisee, all other franchisees of the System, and Franchisor benefit from ensuring that all franchisees who have access to the Confidential Information, Trade Secrets, Manuals, market research, and other non-public elements of the System and Bakery Cafés do not disclose or use

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such items to improperly compete and deprive the franchisees or Franchisor of the value of such items; and (ii) the separate, distinct and totally independent covenants and agreements contained in the System/Franchisee Protection Provisions of this Agreement are: (A) critical to properly ensure that Franchisee, Franchisor and the other franchisees of the System can all receive the maximum value out of the System and all of its components; and (B) based on the reason and understanding that Franchisee and its Affiliates and Principals will possess critical and important knowledge of Franchisor's business, Confidential Information, Trade Secrets, the System, and the Manuals, the disclosure or use of which outside the System would significantly prejudice the interests, and adversely affect the business, of Franchisor and its other franchisees.

c. Franchisee and its Principals further acknowledge and agree that the System/Franchisee Protection Provisions of the Agreement help protect the legitimate business interests of Franchisor and its franchisees, including but not limited to the interests in protecting and preserving the confidentiality of the Confidential Information and Trade Secrets developed by Franchisor and licensed for use by Franchisee and by other franchisees of the System and ensuring that such Confidential Information and Trade Secrets are used only in connection with the development and operation of the Bakery Café and of other ATLANTA BREAD COMPANY Bakery Cafés; promoting and preserving the loyalty of and avoiding conflicts of interest on the part of Franchisee and its Principals during the term of the Agreement, and of other franchisees and their principals during the terms of their franchise agreements; preserving expansion opportunities for Franchisor and its franchisees to locate additional ATLANTA BREAD COMPANY Bakery Cafés during the term of this Agreement and of other franchisee's franchise agreements; and preserving expansion or replacement opportunities for Franchisor and its franchisees to locate additional ATLANTA BREAD COMPANY Bakery Cafés in the proximity of the Bakery Café, or of another ATLANTA BREAD COMPANY Bakery Café, after it closes due to termination or expiration of the agreement or of another franchise agreement.

12.2 Additional Definitions.

a. Confidential Information and Trade Secrets.

i. "Confidential Information" means data or information which is either: (1) marked "Confidential" or with some similar designation; or (2) related to Franchisor's business, disclosed to Franchisee as a consequence of this Agreement, valuable to Franchisor, its subsidiaries or Affiliates, and not generally known to the competitors of Franchisor. Confidential Information includes, but is not limited to, Trade Secrets.

ii. "Trade Secret" means data or information, without regard to form, including but not limited to technical or non-technical data, a formula, a pattern, a compilation, a program, a device, a method, a technique, a drawing, a process, financial data, financial plans, product plans, or a list of actual or potential customers or suppliers, that: (1) is not commonly known by or available to the public; (2) derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (3) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

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iii. The Franchisee and its Principals specifically agree that Franchisor's Confidential Information and/or Trade Secrets include, without limitation, the following:

1. the Manuals;

2. non-public aspects of methods, techniques, specifications, procedures, information, systems, knowledge and experience involved in the site selection, development, design, construction, layout, licensing, and operation of ATLANTA BREAD COMPANY Bakery Cafés, whether contained in the Manuals, training materials or otherwise;

3. recipes, menu analyses, and non-public methods, procedures, and techniques for preparing Products offered in ATLANTA BREAD COMPANY Bakery Cafés;

4. test programs and results relating to the planning, development, analysis, selection and testing of components of the System and of Products offered in ATLANTA BREAD COMPANY Bakery Cafés;

5. identities of suppliers of food, ingredients, equipment and other items required and/or used by ATLANTA BREAD COMPANY Bakery Cafés;

6. non-public aspects of marketing programs, brand characteristics, advertising strategies, and image; and

7. non-public aspects of technology, processes, business plans, business systems, contract terms, knowledge, know-how, drawings, materials, equipment, techniques, procedures for display of products, product formulae, and other data.

iv. Notwithstanding any other provision of this Agreement, Confidential Information and Trade Secrets do not include data, information, processes, or techniques: (1) which have been voluntarily disclosed to the public by Franchisor, except where such disclosure has been made by an employee or franchisee of Franchisor without authorization from Franchisor; (2) which has been independently developed and disclosed by others, other than through disclosure in violation of this Agreement or other confidentiality agreements; or (3) which has otherwise entered the public domain through lawful means.

b. "Competitive Business" means any restaurant or food serving business that derives fifty percent (50%) or more of its gross revenues from the retail sale of soups, salads, sandwiches, bakery products and/or pastries (including, but not limited to, food items such as hot breakfast sandwiches, deli sandwiches, paninis, muffins, breads, pastries and other baked goods). A Competitive Business shall not include any other ATLANTA BREAD COMPANY Bakery Café owned by a franchisee and operated pursuant to a Franchise Agreement with Franchisor.

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c. "Competitive Position" means, with respect to any Competitive Business, either directly or indirectly through a surrogate who is essentially acting for a Prohibited Person or Entity: (a) being an owner, shareholder, partner or limited liability company member; (b) serving as an operator, manager or management consultant; (c) lending money in any way to or guaranteeing the obligations of; or (d) serving as an officer, director or management level employee (including, without limitation, baker, restaurant manager, purchasing manager, or catering manager).

d. "Covered Employee" means a person who is an employee of Franchisor or of an Affiliate of Franchisor as of the time they are solicited to leave such employment by a Prohibited Person or Entity, as well as any person who has been an employee of Franchisor or of an Affiliate of Franchisor within the ninety (90) days prior to the time they are solicited for employment or employed by a Prohibited Person or Entity.

e. "Prohibited Person or Entity" means a person or Entity who is prohibited from taking an action, or omitting to take an action, under any of the System/Franchisee Protection Provisions.

f "System/Franchisee Protection Provisions" means all of the separate, distinct and totally independent covenants and agreements contained in Article 12 through and including Article 15 of this Agreement, all of which are critical to the Franchisee, Franchisor and other franchisees of the System in order to properly ensure they can all receive the maximum value out of the knowledge and use of Franchisor's business, the System, the Manuals, and other Confidential Information and Trade Secrets of Franchisor, the disclosure or use of which outside the System would significantly prejudice the interests, and adversely affect the business, of Franchisee, Franchisor and the other franchisees of the System.

ARTICLE 13.
CONFIDENTIAL INFORMATION AND TRADE SECRETS

13.1 Restrictions on Disclosure and Use of Confidential Information and Trade Secrets.

a. Franchisee and its Principals agree that the Confidential Information and Trade Secrets are owned solely and exclusively by Franchisor. Franchisee will not acquire any interest in the Confidential Information and Trade Secrets, other than the right to use them in the development and operation of its Bakery Café during the term of the Agreement.

b. The Franchisee and its Principals acknowledge that any unauthorized use or disclosure of Confidential Information or Trade Secrets would constitute an unfair method of competition and could cause immediate and irreparable harm to the Franchisor, to the System and to other ATLANTA BREAD COMPANY franchisees. Accordingly, the Franchisee and its Principals agree that during the term of this Agreement they will not, directly or indirectly, disclose, divulge, publish or market to any person, or use in any way, any Confidential Information or Trade Secrets, except as required to operate the Bakery Café and perform the Franchisee's obligations under this Agreement, or as the Franchisor approves in writing. The Franchisee and its Principals agree that these restrictions on the disclosure of Confidential Information and Trade Secrets will remain in effect following termination or expiration of the

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Agreement until any particular information at issue no longer constimtes Confidential Information or a Trade Secret.

c. The Franchisee may not make any unauthorized copies of any portion of the Confidential Information or Trade Secrets and must adopt and implement all procedures Franchisor prescribes from time to time to help prevent unauthorized use or disclosure of the Confidential Information and Trade Secrets.

13.2 Franchisee Employee Compliance. Franchisee agrees that it and all of its employees and agents will take appropriate steps to protect Franchisor's Confidential Information and Trade Secrets from any unauthorized publication, communication, disclosure, divulging, copying, appropriation or use.

a. Franchisee shall have its Bakery Café general manager and managers and baker execute a Confidentiality Agreement in the form attached to this Agreement as Exhibit B or in such other form approved by Franchisor.

b. Franchisee shall limit the disclosure of Confidential Information and Trade Secrets to non-managerial employees to such information that each such employee needs to know to perform his or her job.

c. Franchisee shall be responsible for its employees' compliance with the restrictions on disclosure and use of Confidential Information and Trade Secrets that are set forth in this Agreement, and shall be liable to Franchisor for any breach of these confidentiality obligations by Franchisee or its Principals, managers, employees, agents, representatives or contractors.

13.3 Return of Confidential Information and Trade Secrets. At any time upon Franchisor's request, and in any event upon expiration or termination of this Agreement for any reason, Franchisee shall immediately stop using and return any copies of the Manuals and any other documents containing Confidential Information and Trade Secrets, and shall take appropriate steps to permanentiy delete and render unusable any Confidential Information and Trade Secrets stored electronically and certify same to Franchisor in writing.

13.4 Exceptions and Permitted Disclosure.

These restrictions on disclosure of Confidential Information and Trade Secrets will not apply to disclosure of such information in judicial or administrative proceedings, to the extent that Franchisee is legally compelled to disclose that information, if Franchisee has used its best efforts, and has afforded Franchisor the opportunity by giving us reasonable prior notice, to obtain an appropriate protective order or other assurance satisfactory to Franchisor of confidential treatment for the information required to be disclosed.

13.5 New Confidential Information.

Upon Franchisor's request, Franchisee will fully and promptly disclose to Franchisor, all ideas, concepts, formulas, recipes, methods, techniques, and other information related to or derived from the Confidential Information and Trade Secrets that are conceived or developed by

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Franchisee or its employees during the term of this Agreement ("New Confidential Information"). You acknowledge and agree that the New Confidential Information is an asset of the Franchisor, and you agree to assign it to the Franchisor or an affiliate upon request of Franchisor.

ARTICLE 14.
LIMITATIONS ON COMPETITION AND ON HIRING OF FRANCHISOR EMPLOYEES

14.1 Limit on Competition During Term of Agreement. Franchisee acknowledges and agrees that limiting Franchisee and its Affiliates and Principals from involvement in a Competitive Business during the term of this Agreement serves to promote or protect the purpose or subject matter of the Agreement and the relationship between Franchisor and Franchisee, to promote loyalty and deter potential conflicts of interest on the part of the Franchisee and its Principals, to preserve expansion opportunities for Franchisor and its Franchisees, and to promote or protect the System, the Franchisor, and other ATLANTA BREAD COMPANY franchisees. Accordingly, in addition to Franchisee's other agreements, duties, representations, warranties and covenants set forth in this Agreement, and as a material inducement for Franchisor to enter into this Agreement and provide the rights and privileges granted herein, Franchisee hereby represents, warrants, covenants and agrees that during the term of the Agreement, neither Franchisee, its Affiliates nor any Principal (for so long as such Principal owns any interest in Franchisee) shall accept, have, hold, take or perform a Competitive Position with or for a Competitive Business located within a five (5) mile radius from Franchisee's Accepted Location or of any ATLANTA BREAD COMPANY Bakery Café, unless they obtain the prior written consent of Franchisor.

14.2 Limit on Post-Term Competition. In addition to Franchisee's other agreements, duties, representations, warranties and covenants set forth in this Agreement, and as a material inducement for Franchisor to enter into this Agreement and provide the rights and privileges granted herein, and in order to promote and protect the System, the Franchisor and all other ATLANTA BREAD COMPANY franchisees, Franchisee hereby represents, warrants, covenants and agrees that for three (3) years following the termination or expiration of this Agreement for any reason, neither Franchisee, its Affiliates, nor any Principal who held an interest in Franchisee at any time within six months prior to the termination or expiration of the Agreement, shall accept, have, hold, take or perform a Competitive Position with or for a Competitive Business located within a five (5) mile radius of Franchisee's Accepted Location or of any ATLANTA BREAD COMPANY Bakery Café that is operating as of the date of termination of the Agreement.

14.3 Public Corporation Exception. It shall not be deemed to be a violation of the covenants in Sections 14.1 or 14.2 if Franchisee or its Affiliates or any Principal own securities of a Publicly-Held Corporation that is listed on any stock exchange or traded on the over-the-counter market that in the aggregate represent 5% or less of the number of issued and outstanding securities of that class of securities.

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14.4 Covered Employee Protective Provisions.

a. In addition to Franchisee's other agreements, duties, representations, warranties and covenants set forth in this Agreement, and as a material inducement for Franchisor to enter into this Agreement and provide the rights and privileges granted herein, Franchisee hereby represents, warrants, covenants, agrees and acknowledges that: (i) Franchisor and its Affiliates have invested a substantial amount of time and a substantial sum of money to identify, hire and train their Covered Employees and that such investment represents a valuable asset of Franchisor and its Affiliates; (ii) given the technical and service-oriented nature of Franchisor's and its Affiliates' businesses, the type of individuals hired by Franchisor and its Affiliates as Covered Employees are well-trained, closely supervised and painstakingly selected; (iii) such Covered Employees are not easily replaceable insofar as it generally takes a substantial amount of time and resources to interview from the supply of qualified candidates to locate, interview and select the appropriate Covered Employees of the necessary skill and competence according to Franchisor's and its Affiliates' high standards; (iv) after new Covered Employees are hired by Franchisor or its Affiliates they undergo substantial training and it often takes months before such Covered Employees can perform to an acceptable level of efficiency, competence and quality, all of which involves active participation by the professionals employed by Franchisor or its Affiliates; (v) if any of Franchisor's or its Affiliates' Covered Employees are hired away it would resuh in a significant disruption to the business of Franchisor and its Affiliates; (vi) Franchisor's and its Affiliates' damages following any hiring away of its Covered Employees are difficult or impossible to accurately estimate or calculate; (vii) the liquidated damages amounts set forth in Section 14.4(b) hereof are reasonable pre-estimates of what Franchisor's and its Affiliates' damages would be in the event of an occurrence of any such events as set forth in Section 14.4(b) and, when assessed, shall be Franchisor's sole remedy solely for the breach of Section 14.4(b) below with respect to such hiring away of such Covered Employee; and (h) it is their mutual intention that Section 14.4(b) hereof provides for liquidated damages to compensate Franchisor and hs Affiliates upon the occurrence of such an event, rather than penalties to deter Franchisee or to punish Franchisee therefore.

b. In recognition of the foregoing, Franchisee represents, warrants, covenants and agrees that in the event that during the term of this Agreement or for one year thereafter Franchisee either directly or indirectiy, alone or in conjunction with any other Prohibited Person or Entity: (i) solicits for employment or employs any Covered Employee; or (ii) otherwise induces any such Covered Employee to leave his or her employment with Franchisor or an Affiliate of Franchisor and work for a Competitive Business; then, in any such event, Franchisee shall immediately owe, and be obligated to pay Franchisor as liquidated damages to compensate Franchisor upon the occurrence of such an event, in cash a sum equal to thirty percent (30%) of the then current amual salary (including bonuses) of such Covered Employee based upon such employee's most recent salary (and bonuses) paid or required to be paid by Franchisor.

ARTICLE 15.
MISCELLANEOUS PROVISIONS APPLICABLE TO SYSTEM/FRANCHISEE PROTECTION PROVISIONS

15.1 Equitable Relief Franchisee acknowledges that Franchisee's or any Principals' violation or threatened breach of any of the System/Franchisee Protection Provisions will cause

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immediate, irreparable and incalculable harm and significant injury to Franchisor and its other franchisees and the System, which will be difficuh to ascertain and for which no adequate remedy at law may be available. Thus, in addition to any other remedies which Franchisor may have hereunder or at law or in equity (including the right to terminate this Agreement), Franchisee consents and agrees to the granting of equitable relief in Franchisor's favor, including, without limitation, a preliminary and/or permanent injunction and a decree for specific performance of the terms hereof without the necessity of showing actual or threatened damage, and without being required to fumish a bond or other security, in excess of any minimum bond that may be required by applicable law. Franchisee shall pay on demand all damages, costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in obtaining any such equitable relief Franchisor may further avail itself of any legal or equitable rights and remedies which it may have under this Agreement or otherwise at law or in equity.

15.2 No Defense to Enforcement. Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of any of the System/Franchisee Protection Provisions.

15.3 Independent Covenants and Ability to Blue Pencil. The parties agree that each of the System/Franchisee Protection Provisions shall be construed as completely separate and independent of each other and separate and independent of any other covenant or agreement in this Agreement. If all or any portion of any System/Franchisee Protection Provisions is held unreasonable, overly broad, void or unenforceable for any reason (including, without limitation, time, territory or scope) by any court or agency having valid jurisdiction: (a) Franchisee expressly agrees to be bound by such covenant or portion thereof to the maximum extent permitted by law; (b) the parties wish the applicable court or agency to revise the specific terms to make it reasonable and enforceable; and (c) if such System/Franchisee Protection Provisions cannot be modified to be enforceable for whatever reason, such unreasonable, overly broad, void or unenforceable System/Franchisee Protection Provision will be severed from the remaining portions and provisions of this Agreement (including the remaining System/Franchisee Protection Provisions), all of which shall otherwise remain in full force or effect.

15.4 Personal Covenants. As a condition to the effectiveness of this Agreement, and at the time Franchisee delivers this signed Agreement to Franchisor, Franchisee's spouse, and if Franchisee is not an individual, its Principals and their respective spouses (each a "Bound Party") must sign and deliver to Franchisor the Personal Covenants attached hereto as Exhibit E (the "Personal Covenants"), agreeing to be bound personally by all of the System/Franchisee Protection Provisions. If there are any changes in the identity of any such persons while this Agreement is in effect, Franchisee must notify Franchisor promptly, and each new such person must sign and deliver to Franchisor the Personal Covenants.

ARTICLE 16.
RELATIONSHIP OF PARTIES AND INDEMNIFICATION; ATTORNEYS' FEES

16.1 Independent Contractor. Franchisee is not, and shall not represent or hold itself out as an agent, legal representative, joint venturer, partner, employee or servant of Franchisor for any purpose whatsoever and, where permitted by law to do so, shall file a business certificate to

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such effect whh the proper recording authorities. Franchisee is an independent contractor and is not authorized to make any contract, agreement, warranty or representation on behalf of Franchisor, or to create any obligation, express or implied, on behalf of Franchisor. During the term of this Agreement, Franchisee shall hold itself out to the public as an independent contractor operating the Franchise pursuant to a franchise from Franchisor. Franchisee agrees that Franchisor does not have any fiduciary obligation to Franchisee. Franchisee shall not use the name ATLANTA BREAD COMPANY (other than in connection with the operation of its Bakery Café), or ATLANTA BREAD COMPANY INTERNATIONAL, INC., or any similar words as part of or in association with any trade name of any business entity that is directly or indirectiy associated with Franchisee.

16.2 Indemnification by Franchisee. Franchisee shall indemnify, defend and hold harmless Franchisor and its Affiliates, and their respective officers, directors, employees, agents, affiliates, successors and assigns from and against (a) any and all claims, demands, liabilities, judgments, damages, costs, and expenses (collectively, "Liabilities") based upon, arising out of, or in any way related to the operation of the Franchise or the condition of any part of its Bakery Café or Bakery Café premises; the conduct of business thereat; the lease, ownership or possession of real or personal property; and any negligent act or omission, willful misconduct, misfeasance or nonfeasance or fraud by Franchisee or any of its Principals, agents, contractors, servants, employees or licensees (including, without limitation, the performance or failure to perform by Franchisee of any act required by, or performed pursuant to, any provision of this Agreement); and (b) any and all fees (including reasonable attomeys' fees), costs and other expenses incurred by or on behalf of Franchisor in the investigation of or defense against any and all Liabilities, whether incurred before or at trial, on appeal, during any bankruptcy or insolvency proceedings, during any post-judgment collection proceedings, or otherwise.

ARTICLE 17.
INSURANCE COVERAGE

17.1 Overall Coverage Required. Franchisee shall procure, during the Pre-Opening Period, and shall maintain in full force and effect during the term of this Agreement at Franchisee's expense, an insurance policy or policies protecting Franchisor and Franchisee, and the officers, directors, partners, and employees of both Franchisor and Franchisee against any loss, liability, personal injuy, death, property damage, or expense whatsoever arising or occurring upon or in connection with operating the Franchise. Prior to any construction, development and/or design of its Bakery Café, Franchisee shall procure, to the satisfaction of Franchisor, such liability insurance coverage as is necessary to protect against loss for any damage or accident arising on the premises to property or person. Franchisee shall procure workers' compensation coverage for each of its employees no later than the first date of such employee's employment. Franchisor shall be named as an additional insured on all such policies. Prior to the opening Franchisee's Bakery Café and thereafter at least thirty (30) days prior to the expiration of any such policy or policies, Franchisee shall deliver to Franchisor certificates of insurance evidencing the proper coverage with limits not less than those required hereunder. Notwithstanding the foregoing, Franchisee shall submit to Franchisor for approval certificates of insurance showing compliance with the worker's compensation requirements set forth herein prior to the training of any Franchisee employee at a Bakery Café operated by Franchisor or any franchisee where training has been designated. All certificates shall expressly provide that not less than thirty (30)

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days prior written notice shall be given to Franchisor in the event of material alteration to, or termination, non-renewal, or cancellation of, the coverages evidenced by such certificates.

17.2 Insurance Carrier Must be Approved by Franchisor. Such policy or policies shall be written by an insurance company rated A-minus or better, in Class 10 or higher, by Best Insurance Ratings Service and satisfactory to Franchisor in accordance with standards and specifications set forth in the Manuals or otherwise in writing, from time to time, and shall include, at a minimum (except as additional coverages and higher policy limits may be specified by Franchisor from time to time), the following initial minimum coverage:

a. (i) Commercial General Liability Insurance, including coverage for products-completed operations, contractual liability, personal and advertising injury, fire damage, medical expenses, and liquor liability, having a combined single limit for bodily injury and property damage of $2,000,000 per occurrence and $5,000,000 in the aggregate (except for fire damage and medical expense coverage, which may have different limits of not less than $100,000 for one fire and $10,000 for one person, respectively); plus (ii) non-owned automobile liability insurance and, if Franchisee owns, rents or identifies any vehicles with any Marks or vehicles are used in connection with the operation of the Franchise, automobile liability coverage for owned, non-owned, scheduled and hired vehicles having limits for bodily injuries of $500,000 per person and $1,000,000 per accident, and property damage limits of $100,000 per occurrence; plus (iii) excess liability umbrella coverage for the general liability and automobile liability coverage in an amount of not less than $5,000,000 per occurrence and aggregate. All such coverages shall be on an occurrence basis and shall provide for waivers of subrogation.

b. Comprehensive crime and blanket employee dishonesty insurance in an amount of not less than $50,000.

c. All-risk property insurance, including theft and flood coverage (when applicable), written at replacement cost value covering the building, improvements, furniture, fixtures, equipment, food and beverage products. Coverage shall be written in a value which will cover not less than eighty (80%) percent of the replacement cost of the building and one hundred (100%) percent of the replacement cost of the contents of the building.

d. Employer's Liability and Worker's compensation Insurance, as required by state law.

e. Business interruption insurance of not less than Fifty Thousand Dollars ($50,000.00) per month for loss of income and other expenses with a limit of not less than six (6) months of coverage.

Franchisee's obligation to obtain and maintain, or cause to be obtained and maintained, the foregoing policy or policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of that obligation relieve it of liability under the indemnity provisions set forth in this Agreement.

17.3 No Limitations on Coverage. Franchisee's obligations to obtain and maintain the foregoing insurance policies in the amounts specified shall not be limited in any way by reason of

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any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of that obligation relieve it of liability under the indemnity provisions set forth in this Agreement. Franchisee may maintain such additional insurance as it may consider advisable.

17.4 Franchisee Must Provide Evidence of Coverage to Franchisor. Upon obtaining the insurance required by this Agreement and on each policy renewal date thereafter, Franchisee shall promptly submit evidence of satisfactory insurance and proof of payment to Franchisor, together with, upon request, copies of all policies and policy amendments and endorsements. The evidence of insurance shall include a statement by the insurer that the policy or policies will not be cancelled or materially altered without giving at least thirty (30) days' prior written notice to Franchisor.

17.5 Franchisor May Procure Insurance Coverage. Should Franchisee, for any reason, fail to procure or maintain the insurance required by this Agreement, as described from time to time by the Manual or otherwise in writing, Franchisor shall have the right and authority (but no obligation) to procure such insurance and to charge same to Franchisee, which charges, together with a reasonable fee for Franchisor's expenses in so acting, shall be payable by Franchisee immediately upon notice from Franchisor.

17.6 Submission of Reports to Franchisor. No later than thirty (30) days following Franchisee's receipt of same, Franchisee shall submit to Franchisor a copy of any written report relating to the condition of Franchisee's Bakery Café or premises, or any aspect thereof, prepared by an insurer or prospective insurer or by a representative of a federal, state or local government agency, provided that if any such report contains comments or information which could materially and detrimentally affect the Bakery Café, such report shall be submitted to Franchisor within three (3) days following Franchisee's receipt thereof

ARTICLE 18.
DEBTS AND TAXES

18.1 Payment. Franchisee shall promptly pay when due all obligations incurred, directly or indirectiy, in connection with Franchisee's Bakery Café and its operation, including, without limitation, all taxes and assessments levied or assessed, including unemployment, real and personal property, and sales taxes, and all accounts and other indebtedness of every kind incurred by Franchisee in the conduct of the Franchise. All accumulated contributions or payments made by Franchisor or its Affiliates to accounts, funds, reserves or pools, for example worker's compensation, disability, unemployment compensation or other programs remain assets of the Franchisor or its Affiliates, as applicable, and if transferred to Franchisee, Franchisee shall pay to Franchisor or the applicable Affiliate such amount. Franchisee shall pay to Franchisor an amount equal to any sales tax, gross receipts tax, or similar tax imposed on Franchisor with respect to any payments to Franchisor required under this Agreement, unless the tax is credited against income tax otherwise payable by Franchisor.

18.2 Dispute. In the event of any bona fide dispute as to liability for taxes or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law; however, in no event shall Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant, or

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attachment by a creditor to occur against the premises of the Franchised Business, or any improvements thereon.

ARTICLE 19.
MARKS

19.1 Use of Marks. With respect to Franchisee's use of the Marks pursuant to this Agreement, Franchisee agrees that:

a. Franchisee shall use only the Marks designated by Franchisor and shall use them only in the manner and location authorized and permitted by Franchisor. Franchisee shall not use any of the Marks in connection with any statement or material which may, in the judgment of Franchisor, be in bad taste or inconsistent with Franchisor's public image, or tend to bring disparagement, ridicule or scorn upon Franchisor, any of the Marks, or the goodwill associated therewith. Any unauthorized use of the Marks shall constitute an infringement of Franchisor's rights.

b. Franchisee shall execute any documents deemed necessary by Franchisor or its counsel to obtain protection for the Marks or to maintain their continued validity and enforceability.

c. Franchisee shall not use the Marks, or adopt, use or register any name, style or design which includes or is similar to, any of Franchisor's Marks, in its corporate name, domain name, electronic address or any fictitious name without Franchisor's prior written consent. If Franchisor consents to Franchisee's use of a fictitious name containing the Marks and state or local laws or ordinances require that Franchisee file an affidavh of doing business under an assumed name or otherwise to file a report or other certificate indicating that ATLANTA BREAD COMPANY or such other Mark or similar name is being used as a fictitious or assumed name, Franchisee shall include in such filing or application therefor an indication that the filing is made as a franchisee of Atlanta Bread Company International, Inc., a Georgia corporation.

d. Franchisee shall not, either during the term of this Agreement or at any time after the expiration or any termination of this Agreement, directly or indirectly raise or cause to be raised any questions concerning, or objections to, or contest, the validity, ownership or use of the Marks on any grounds whatsoever.

e. In the event that litigation involving the Marks is instituted or threatened against Franchisee, Franchisee shall promptly notify Franchisor in writing and shall cooperate fully in defending or settling such litigation or threatened litigation. Franchisee shall not make any demand or serve any notice, orally or in writing, or institute any legal action or negotiate, compromise or settie any controversy involving the Marks without first obtaining Franchisor's prior written consent. Franchisor shall have the exclusive right to institute, negotiate, compromise, settle, dismiss, appeal or otherwise handle any such action and take such steps as it may deem advisable to prevent any such action and to join Franchisee and any other franchisees as a party to any such action to which Franchisor may be a party and to which Franchisee is or would be a necessary or proper party, but nothing herein shall be construed to obligate

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Franchisor to seek recovery of costs or damages of any kind in any such litigation, the assertion or waiver of such claims being within the sole discretion of Franchisor. The costs of any such action shall be paid by Franchisor and any recovery obtained shall be paid to Franchisor. During the course of any such litigation in which the interests of Franchisee and Franchisor are not adverse, Franchisee and Franchisor shall be deemed to be joint clients of the litigation counsel; and, in that event, no attorney/client privilege shall restrict Franchisee's or Franchisor's right to communicate with and receive information relating to such litigation. Notwithstanding Franchisor's exercise of any of its rights under this Section, Franchisor reserves any rights it may have to seek indemnification from Franchisee in any appropriate case.

f Franchisee shall not use or permit the use of any trade names, trademarks or service marks at its Bakery Café other than the Marks without Franchisor's prior written consent.

g. Upon termination of this Agreement for any reason or expiration of this Agreement, Franchisee shall immediately cease the use of the Marks and take such action as required under Article 29. Franchisee acknowledges that Franchisee's violation of the terms of this Article 28 may cause immediate, irreparable and incalculable harm and significant injury to Franchisor, the damages of which may be difficult to ascertain and for which no adequate remedy of law may be available. Franchisee agrees to the granting of equitable relief, including injunctive relief and specific performance, in Franchisor's favor without proof of actual damages or posting a bond or other security, such bond or other security hereby being waived. Franchisee shall pay on demand all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining such relief

19.2 Additional Agreements. Franchisee expressly understands and agrees that:

a. The right and license granted to Franchisee under this Agreement to use Franchisor's Marks and System is nonexclusive. Franchisor and its Affiliates have the exclusive right and interest in and to the Marks and the goodwill now or in the future associated with and symbolized by them.

b. Franchisee's use of the Marks and System pursuant to this Agreement does not give Franchisee any ownership interest or other interest in them (other than the right to use them only in the manner and to the extent prescribed herein), or to the goodwill associated therewith, and any and all goodwill associated whh or identified by any of Franchisor's Marks or the System or arising from Franchisee's use of the Marks in its Franchise under the System shall inure directly and exclusively to Franchisor's benefit, including, without limitation, any goodwill resulting from the operation and promotion of the Franchisee's Bakery Café, and upon expiration or termination of this Agreement and the license herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the System or the Marks.

c. If it becomes advisable at any time in Franchisor's sole judgment to modify or discontinue use of any Mark and/or for the Franchisee to use one or more additional or substitute Marks, Franchisee, at its sole cost, shall immediately comply with Franchisor's directions to modify or otherwise discontinue use of such Mark, and/or to use one or more

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additional or substitute Marks after notice thereof by Franchisor. Neither Franchisor nor its Affiliates shall have any obligation to reimburse Franchisee for any expenditures made by Franchisee to modify or discontinue the use of a Mark or to adopt additional Marks or substitutes for a discontinued Mark, including, without limitation, any expenditures relating to signage, advertising or promotional materials or to compensate Franchisee for any loss, injury or damage related to any new or discontinued Mark

d. During the Franchise Term, Franchisee, its Affiliates and the Principals shall not, directly or indirectly, for itself or themselves, or through, on behalf of, or in conjunction with any other person or Entity: (a) do or perform, directly or indirectly, any other act injurious or prejudicial to the Marks or the System or the goodwill associated with the Marks or the System; or (b) make any slanderous, defamatory and disparaging comments regarding the Marks, System, Franchisor or any other franchisee of the System.

ARTICLE 20.
DEFAULT AND TERMINATION

20.1 Automatic Termination without Notice or Opportunity to Cure. Franchisee shall be in default under this Agreement and all rights granted herein shall automatically terminate without notice to Franchisee:

i. If Franchisee shall become or be adjudicated insolvent or bankrupt, fails to pay debts as they come due and/or admits in writing its inability to pay debts as they come due or makes a general assignment for the benefit of creditors;

ii. If a petition in bankruptcy is filed by Franchisee or such a petition is filed against and not opposed by Franchisee or proceedings for a composition with creditors under any state or federal law are instituted by or against Franchisee;

iii. If a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee or such receiver or other custodian (permanent or temporary) is appointed by any court of competent jurisdiction;

iv. If a final judgment against Franchisee remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond is filed);

v. If execution is levied against Franchisee's business or property or the real or personal property of Franchisee's Bakery Café shall be sold after levy thereupon by any sheriff, marshal, or constable;

vi. If suit to foreclose any lien or mortgage against the premises or equipment of the Bakery Café is instituted against Franchisee and not dismissed within thirty (30) days;

vii. If Franchisee is dissolved either voluntarily or involuntarily; or

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viii. If Franchisee leases or subleases the Bakery Café premises, and such lease or sublease expires (without renewal) or is terminated prior to end of the Franchise Term.

WAIVER OF AUTOMATIC STAY

If Franchisee shall (i) file with any bankruptcy court of competent jurisdiction or be the subject of any petition under Title 11 of the U.S. Code, as amended (the "Bankruptcy Code"), (ii) be the subject of any order for relief issued under the Bankruptcy Code, (iii) file or be the subject of any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future federal or state act or law relating to bankruptcy, insolvency, or other relief to debtors, (iv) have sought or consented to or acquiesced in the appointment of any trustee, receiver, conservator, or liquidator, or (v) be the subject of any order, judgment, or decree entered by any court of competent jurisdiction approving a petition against such party for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any bankruptcy, insolvency, or relief for debtors, then (a) Franchisor shall thereupon be entitled to relief from any automatic stay imposed by § 362 of the Bankruptcy Code, or any similar provision, (b) Franchisee hereby stipulates and agrees that "cause" under § 362 (c) of the Bankruptcy Code exists for relief from the automatic stay, (c) Franchisee hereby expressly waives any protection afforded by the automatic stay and any objection to Franchisor's relief therefrom, and (d) Franchisee agrees not to oppose or object to such relief.

20.2 Termination by Franchisor on Notice without Opportunity to Cure. Upon the occurrence of any of the following events, Franchisee shall be in default hereunder, and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon delivery of written notice to Franchisee:

i. If Franchisee neglects, fails or refuses to comply with any of the Pre-Opening Obligations, or if Franchisee fails to open its Bakery Café for business, on or prior to the end of the Pre-Opening Period;

ii. If Franchisee fails to timely procure or maintain the insurance required to be procured and maintained by Franchisee under Article 26;

iii. If Franchisee ceases to do business or abandons the Franchise, or fails to maintain operating hours required for the Bakery Café premises for one (1) business day, or relocates the Franchised Business without the prior written approval of Franchisor, or if the Franchisee loses the right to possession of the Bakery Café premises, or otherwise forfeits the right to do or transact business in the jurisdiction where its Bakery Café is located;

iv. If Franchisee or any of its Principals is convicted of, or has entered a plea of nolo contendere to, a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System, the Marks, and the goodwill associated therewith, or Franchisor's interest therein;

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v. If Franchisee or any Principal of Franchisee purports to Transfer any rights or obligations under this Agreement or any interest in Franchisee or the Franchise to any third party without Franchisor's prior written consent, contrary to the terms of Article 11;

vi. If Franchisee, its Affiliates or any of the Principals fail to comply with any of the agreements and covenants contained in Sections 13.1 or 14.1, or fail to obtain and deliver the executed covenants which may be required under Sections 13.2 and 15.4;

vii. If Franchisee, or any of its Principals, employees, agents or representatives, has made any material misrepresentations, or has provided any false, misleading, inaccurate or incomplete information, whether written or oral, in connection with Franchisee's application to Franchisor for the franchise granted herein or in connection with the operation of the Franchise pursuant to this Agreement, including repeatedly failing to correctly record each sale on the approved POS System immediately at the time of such sale and at full retail price as required under Section 9.1;

viii. If Franchisee, or any of its Principals, employees, agents or representatives, engages in fraudulent conduct, including knowingly maintaining false books or records, submitting or making any false reports or statements to Franchisor, attempting to adjust the POS System or manipulate data input thereon to decrease Franchisee's royalty obligation, causing issuance of credits to Franchisee to which it is not entitled, or otherwise causing data presented not to be true and correct; or if Franchisee, or any of its Principals, employees, agents or representatives, denies Franchisor's authorized representatives immediate access to the Bakery Café premises or to Franchisee's books and records for the purposes of an audit or inspection;

ix. If Franchisee commits an event of default under this Agreement or any Related Agreement, and fails to cure such default within the applicable cure period, if any, specified in such agreement;

x. If Franchisee engages, or permits others to engage, in illegal activities on or about the Bakery Café premises or otherwise in connection with the operation of the Franchise;

xi. If Franchisee, or any of its employees, agents or representatives, assaults, threatens, verbally or otherwise, the health or safety of, or engages in repeated or a pattern of abusive treatment against, Franchisee's customers, any member of the general public, other franchisees, or any employees, agents or representatives of Franchisor or its Affiliates;

xii. If Franchisee engages in any acts or omissions which violate applicable law, including libel and slander laws; engages in any conduct which creates a material risk of danger to health or safety; or fails to comply with the provisions of Section 19.2.d.;

xiii. If Franchisee has received at least two (2) default notices from Franchisor within a twelve (12) month period, whether or not the defauh is the same or different in each instance, and even if such default is subject to a right to cure or is cured after notice is delivered to Franchisee;

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xiv. If Franchisee is in default under the terms of any lease, sublease, or mortgage for the Bakery Café premises;

xv. If Franchisee allows any individual who is not a Franchisor certified baker to prepare any baked goods;

xvi. If Franchisee fails to pay when due any one or more of its suppliers or trade creditors at least three (3) times within any eighteen (18) consecutive months;

xvii. If an audit or inspection discloses an understatement of four percent (4%) or more in any report of Gross Sales or any payment to Franchisor;

xviii. If Franchisee is in default under the terms of the Development Agreement, if any, under which this Agreement has been entered into, beyond any applicable cure period; or

xix. If Franchisee or any guarantor of its obligations under this Agreement becomes a Specially Designated National or Blocked Person or fails to comply with Section 36.5, including a breach of the representations set forth in Section 36.5 or Franchisor discovers through notice from Franchisee or through its own investigation that representations set forth in Section 36.5 are or have become false.

20.3 Termination by Franchisor With Notice: 10-Day Cure. If any of the following Franchisee defaults occur, the Franchisor may terminate this Agreement by giving the Franchisee written notice stating the nature of the default 10 days prior to a specified termination date. Franchisee may avoid termination by curing the default to the Franchisor's satisfaction within the 10-day cure period. If the specified default is not timely cured, this Agreement will terminate without further notice, effective upon expiration of the 10-day period. The Franchisee defaults to which this 10-day termination provision applies are the following:

i. failure to timely pay any amounts due Franchisor under this Agreement or a Related Agreement; and

ii. failure to timely pay any amounts described in Section 18.1.

20.4 Termination by Franchisor With Notice: 30-Day Cure. If any of the following Franchisee defaults occur, the Franchisor may terminate this Agreement by giving the Franchisee written notice stating the nature of the default 30 days prior to a specified termination date. Franchisee may avoid termination by curing the default to the Franchisor's satisfaction within the 30-day cure period. If the specified default is not timely cured, this Agreement will terminate without further notice, effective upon expiration of the 30-day period. The Franchisee defaults to which this 30-day termination provision applies are the following:

i. failure to comply with any provision of this Agreement other than the provisions allowing the Franchisor to terminate this Agreement immediately or with a 10-day cure period, as set forth in Sections 20.1, 20.2, and 20.3; and

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ii. failure to comply with any requirements in the Manuals or any mandatory standards, specifications, or operating procedure prescribed by the Franchisor, including but not limited to a requirement to implement new menu items.

20.5 Compliance with Applicable Law Regarding Notice Provisions.

If any provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation or non-renewal other than in accordance with applicable law, those particular provisions shall not be followed to the extent they are not in accordance with applicable law. The Franchisor shall in that case comply with applicable law governing the notice period or grounds for termination, cancellation, or non-renewal.

20.6 Termination by Franchisee on Notice with Opportunity to Cure. If Franchisee is in compliance with this Agreement and Franchisor breaches this Agreement in any material respect and fails to cure such material breach within ninety (90) days after written notice thereof is delivered to Franchisor, Franchisee may terminate this Agreement effective ten (10) days after delivery to Franchisor of notice thereof Notwithstanding the foregoing, if the breach is curable but is of a nature which cannot reasonably be cured within such ninety (90) day period and Franchisor has commenced and is continuing to make good faith efforts to cure such breach, Franchisor shall be given an additional thirty (30) day period to cure the same, and this Agreement shall not terminate. In the event of termination by Franchisee, all post-termination obligations of Franchisee described herein shall not be waived but shall be strictly adhered to by Franchisee.

ARTICLE 21.
EFFECT OF AND OBLIGATIONS UPON TERMINATION OR EXPIRATION

21.1 Obligations Upon Termination. Upon expiration or termination of this Agreement, regardless of which party terminates this Agreement, all rights and licenses granted hereunder to Franchisee shall forthwith terminate and be of no further force and effect, and:

a. Cessation of Franchised Business and Disassociation. Franchisee shall immediately cease to operate the Franchise and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor.

b. Discontinue Use of the Marks. Franchisee shall immediately and permanently cease to use all Marks. In particular, without limitation, Franchisee shall cease to use all signs, equipment, advertising materials, stationery, forms, and any other articles which display the Marks; shall not use any reproduction, counterfeit, copy, or colorable imitation of the Marks in connection with any business or for any other use, or use any mark which is likely to cause confusion, mistake, or deception, or which is likely to dilute Franchisor's exclusive rights in and to the Marks; and further shall not utilize any designation of origin or description or representation which falsely suggests or represents a current or former association or connection with Franchisor; provided, however, that this Section shall not apply to the operation by Franchisee of another ATLANTA BREAD COMPANY Bakery Café under the System, pursuant to another agreement between Franchisor and Franchisee which is then in effect.

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c. Cancellation of Assumed Names. Franchisee shall take such action as may be necessary to cancel any assumed or fictitious name or equivalent registration which contains a Mark; and Franchisee shall fumish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement.

d. Surrender of Possession; Assignment; Renovation. At Franchisor's option, and within three (3) days after Franchisor gives notice to Franchisee, Franchisee shall turn over physical possession of the Bakery Café to Franchisor. Franchisee expressly acknowledges and agrees that the failure by Franchisee to allow Franchisor to take possession of the Bakery Café, or any attempt by Franchisee to remove inventory, fumiture, fixtures or equipment from the Bakery Café, shall infringe upon the intellectual property and proprietary rights of Franchisor and shall cause immediate, irreparable, and incalculable harm and significant injury to Franchisor, damages for which may be difficult or impossible to ascertain and for which no adequate remedy at law may be available. Accordingly, Franchisee consents to the granting of equitable relief, including an injunction and specific performance in Franchisor's favor, without proof of actual damages or posting of a bond or other security, such bond or other security hereby being waived. Franchisee shall pay on demand all court costs and reasonable attorneys' fees incurred by Franchisor or its Affiliates in obtaining such equitable reliefi Franchisee shall, at Franchisor's option, assign to Franchisor any right, title and interest which Franchisee has in any lease or sublease for the premises of the Franchise and any governmental licenses or permits used for the operation of the Bakery Café, and assign to Franchisor, or discontinue use of, the telephone numbers, telephone directory listings and advertisements, website URLs, and e-mail addresses for the use or operation of the Bakery Café. If Franchisee fails to promptly execute and deliver such assigmients to Franchisor, Franchisee hereby grants any officer of Franchisor an irrevocable power of attomey, coupled with an interest, to execute such assignments on Franchisee's behalfi In the event Franchisor does not elect to exercise its option to acquire the lease or sublease for the premises of the Franchise pursuant to this Section, Franchisee shall make such modifications or alterations to the premises operated hereunder (including changing the telephone number and changing the color scheme and/or other distinctive design features) immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of said premises from that of ATLANTA BREAD COMPANY Bakery Cafés under the System, and shall make such specific additional changes thereto as Franchisor may reasonably request for that purpose. In the event Franchisee fails or refuses to comply with the requirements of this Section, Franchisor shall have the right to enter upon the premises where Franchisee's Franchise was conducted, or where the leased or subleased premises are being constructed or otherwise prepared to open, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required at the expense of Franchisee, which expense Franchisee agrees to pay upon demand.

e. Payment to Franchisor and Affiliates. Franchisee shall, within fifteen (15) days after the effective date of termination or expiration of this Agreement, pay all fees, sums and charges owing to Franchisor and its Affiliates, including interest on overdue monies as described in this Agreement. In the event of termination for any default of Franchisee, such sums shall include all damages, costs, and expenses, including reasonable attomeys' fees, incurred by Franchisor as a result of the default, which obligation shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property,

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equipment, inventory, and fixtures owned by Franchisee and on all premises operated hereunder at the time of default.

f Return of Franchise Information and Materials. Franchisee shall immediately turn over to Franchisor all Confidential Information, Trade Secrets, Manuals, customer lists, records, files, instmctions, correspondence, and all other materials related to operating the Franchise which are in Franchisee's possession, and all copies thereof (all of which are acknowledged to be Franchisor's property), excepting only Franchisee's copy of this Agreement and any correspondence between the parties, and any other documents which Franchisee reasonably needs for compliance with any provision of applicable law.

g. Purchase Option. Franchisor shall have the option, to be exercised within thirty (30) days after termination or expiration, to purchase from Franchisee any or all of the inventory, supplies or Products owned by Franchisee, at Franchisee's cost based on the most recent invoices received by Franchisee; and to purchase any or all equipment, fixtures, and signs used in the Franchise, for their depreciated value based upon a five (5) year, straight line depreciation schedule. Franchisor shall also have the option, to be exercised within thirty (30) days after termination or expiration, to purchase the Bakery Café premises at fair market value if the Franchisee or any Affiliate or Principal of Franchisee owns the Bakery Café premises. If the parties cannot agree on fair market value for the Bakery Café premises within a reasonable time, an independent appraiser shall be chosen by the parties (the cost of which shall be borne equally by the parties), and his or her determination shall be binding. If Franchisor elects to exercise any option to purchase herein provided, it shall have the right to set off any amount owed to Franchisee against all amounts due from Franchisee to Franchisor, its Affiliates, successors or assigns under this Agreement or any Related Agreement. Franchisor shall also have the right to set off the cost of the appraisal, if any, against any payment to Franchisee.

h. Maintain Records. Franchisor shall maintain all books, records and reports required pursuant to this Agreement for a period of not less than one (1) year after termination of this Agreement and allow Franchisor to make final inspection and audit of Franchisee's books, records and reports within said one (1) year period for the purpose of verifying that all fees and other appropriate amounts have been paid as required herein.

i. POS System. Franchisor has the right to immediately terminate Franchisee's assess to the POS System. Franchisee shall relinquish the POS System to Franchisor, and Franchisor shall purchase the POS System from Franchisee for its depreciated value (as of the date of expiration or termination) as determined by Franchisor in its sole discretion.

j. Recipes and Methods of Food Preparation. Franchisee and its Affiliates and Principals will refrain from using, for commercial purposes, any of Franchisor's proprietary menu items, recipes and methods of food preparation.

k. Attorneys' Fees and Court Costs. Franchisee shall pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees and court costs, incurred by Franchisor subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Section 21.1.

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21.2 Survival. All covenants, obligations, and agreements of Franchisee which by their terms or by reasonable implication or by their nature are to be performed, in whole or in part, after the termination or expiration of this Agreement, including the indemnity and confidentiality obligations herein, shall survive such termination or expiration.

21.3 No Refunds. If this Agreement terminates during the Pre-Opening Period before Franchisee's Bakery Café opens, except as specifically provided in Section 2.9 hereof, Franchisor and its Affiliates will not be required to refund or reimburse Franchisee for any costs incurred during the Pre-Opening Period, including construction costs, build-out costs and relocation costs. In the event of expiration or termination for any other reason, Franchisor shall have no obligation to refund any amounts previously paid by Franchisee, and Franchisee shall be obligated to promptly pay all sums which are then due Franchisor and/or its Affiliates.

21.4 Cross-Termination upon Termination of this Agreement. In the event of the termination of this Agreement by Franchisor under Article 20 hereof, Franchisor shall be entitled, at its option, to terminate all Related Agreements immediately on written notice to Franchisee. This means that Franchisor may, at its option, immediately terminate, upon notice and without opportunity to cure, all other agreements between (i) Franchisor (or its Affiliates), and (ii) Franchisee, its Affiliates, any Principal, or any Entity in which Franchisee or any Principal, manager, partner or joint venture of Franchisee, directly or indirectly, has any interest of ownership or participation. Franchisee acknowledges that this provision may result in the termination of one or more other Related Agreements that relate only to the Franchised Business. Franchisee further acknowledges that this provision may resuh in the termination of one or more other franchise agreements for other Bakery Cafés and any agreements related to those other Bakery Cafés, regardless of location.

21.5 Cross-Termination upon Expiration of this Agreement. In the event of the expiration of this Agreement, Franchisor shall be entitled, at its option, to terminate all Related Agreements (as defined in Exhibit **D**, except that for purposes of expiration, the second sentence of the definition shall not apply) immediately on written notice (without opportunity to cure) to Franchisee.

ARTICLE 22.
ADDITIONAL REMEDIES

22.1 Injunctive Relief

a. Nothing in this Agreement shall bar Franchisor's right to seek specific performance of the provisions of this Agreement and injunctive relief against threatened conduct that will cause it loss or damages under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. Franchisee agrees that Franchisor may obtain such injunctive relief in addition to such further or other relief as may be available at equity or law. Franchisee agrees that Franchisor will not be required to post a bond to obtain any injunctive relief and that Franchisee's only remedy if an injunction is entered against Franchisee will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by reason of the wrongful issuance of such injunction being expressly waived hereby).

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b. If the Franchisee or any of its Affiliates or Principals breaches any provisions of this Agreement regarding the Marks, Confidential Information or Trade Secrets, or the System/Franchisee Protection Provisions, or engages in other conduct that could materially damage the goodwill associated with the Marks, ATLANTA BREAD COMPANY Bakery/Cafés, or the System, or violates the terms of Section 21.1a, b, c, d, f, g, or j, the Franchisee and its Principals agree that the Franchisor will have no adequate remedy at law. Therefore, the Franchisee and its Principals expressly agree that, in addition to all other available remedies, the Franchisor will be entitled to commence a legal action and obtain an injunction or other form of equitable relief or specific performance (including a preliminary injunction or temporary restraining order) to prevent or eliminate the occurrence or continuation of any actual or threatened breach, default, violation, or conduct.

22.2 Trademark Infringement Damages. If Franchisee fails to comply with a written notice of termination sent by Franchisor and a court later upholds such termination of this Agreement, Franchisee's operation of the Bakery Café, from and after the date of termination stated in such notice, shall constitute wiilfiil trademark infringement and unfair competition by Franchisee, and Franchisee shall be liable to Franchisor for damages resulting from such infringement in addition to any fees paid or payable hereunder, including, without limitation, any profits which Franchisee derived from such post-termination operation of the Bakery/Café, which damages may be trebled under federal trademark law.

22.3 Attorneys' Fees and Costs. In the event that any party to this Agreement initiates any legal proceeding to construe or enforce any of the terms, condhions and/or provisions of this Agreement, including, but not limited to, its termination provisions and its provisions requiring Franchisee to make certain payments to Franchisor incident to the operation of Franchisee's Bakery Café, or to obtain damages or other relief to which any such party may be entitled by virtue of this Agreement, the prevailing party or parties shall be paid its reasonable attomeys' fees and expenses by the other party or parties, whether incurred before or at trial, on appeal, during any bankruptcy or insolvency proceedings, during any post-judgment collection proceedings, or otherwise.

22.4 Step-In Rights. In order to prevent interruption in the operation of the Franchise, Franchisee authorizes Franchisor to operate the Franchise for so long as Franchisor deems necessary and practical and without waiver of any other rights or remedies Franchisor may have under this Agreement or otherwise if, in Franchisor's sole judgment, Franchisor deems Franchisee incapable of operating the Franchise because (i) Franchisee or its operating manager is absent or incapacitated by reason of illness or death; (ii) Franchisee has failed to pay when due all taxes and assessments required to be paid by Franchisee; (iii) Franchisee has failed to pay amounts owed when due and/or remove any and all liens or encumbrances of any kind placed upon or against Franchisee's business property; (iv) Franchisee has lost or had suspended its license or permit to operate the Franchise; or (v) Franchisor determines that there are operational problems that could imperil the Franchise or its assets, such as failure to make necessary repairs, shortages of cash necessary to operate the business or interruption in banking relationships necessary to effectively operate the business. Franchisor shall keep in a separate account for the benefit of Franchisee all monies generated by the operation of the Franchise less the expenses of the Franchise, including reasonable attorneys' fees and reasonable compensation and expenses for Franchisor's representatives. If Franchisor temporarily operates the Franchise, Franchisee shall indemnify and

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hold harmless Franchisor and Franchisor's representatives for any and all claims, demands, actions, liabilities, damages, and losses occurring during the course of the temporary operation. Franchisor shall not, by exercising its step-in rights in this Agreement, assume any of Franchisee's liabilities. Franchisee shall pay Franchisor a per diem fee of not less than One Hundred Twenty Five Dollars ($125.00) per day (or part of a day) per person, plus all travel expenses, room and board and other expenses reasonably incurred by the representative(s), plus Franchisor's reasonable attorneys' fees and any other costs incurred as a consequence of Franchisor's exercise of its step-in rights. Franchisor is in no way obligated to exercise these step-in rights.

ARTICLE 23.
APPLICABLE LAW

23.1 Governing Law. This Agreement has been entered into and shall be governed by, and construed, interpreted and enforced in accordance with the laws of the State of Georgia, which laws shall prevail in the event of any conflict of law; provided, however, that if any provision of this Agreement would not be enforceable under the laws of Georgia, and if the Franchise is located outside of Georgia, and further, if such provision would be enforceable under the laws of the state in which the Franchise is located, then such provision shall be interpreted and construed under the laws of that state. Nothing in this choice of law provision is intended to make applicable any state franchise law that would otherwise not be applicable.

23.2 Claims Period. Any and all claims and actions arising out of or relating to this Agreement, the relationship between Franchisee and Franchisor, or the operation of the Franchise and Franchisee's Bakery Café brought by any party to this Agreement against another party to this Agreement, shall be commenced within the earlier of one (1) year from the discovery of the facts giving rise to such claim or action, or the expiration of such earlier limitations period as may be prescribed by applicable law, or such claim or action shall be barred; provided, however, that this time limitation shall not apply to unperformed financial obligations of Franchisee to Franchisor or indemnity obligations relating to third party claims of creditors or claimants against the Franchisee.

23.3 Fomm Selection; Venue. The parties agree that any action brought by Franchisee or any person or Entity claiming through Franchisee against Franchisor or its Affiliates in any court, whether federal or state, shall be brought and completed only within the State of Georgia in the judicial district in which Franchisor has its principal place of business; and the parties expressly waive all objections to personal jurisdiction or venue or that the fomm is inconvenient for the purpose of carrying out this provision. The parties also agree that Franchisor may bring any action against Franchisee in any court, whether federal or state, within or outside of the State of Georgia. If Franchisor brings an action against Franchisee in any state or federal court located within the State of Georgia in the judicial district in which Franchisor has its principal place of business, Franchisee accepts generally and unconditionally the *in personam* jurisdiction and venue of the aforesaid courts and waives any defense of *forum non conveniens*.

23.4 Waiver of Certain Damages. Except for Franchisee's obligations to indemnify Franchisor under this Agreement and claims Franchisor may bring against Franchisee for unauthorized use of the Marks, for unauthorized use or disclosure of any Confidential Information

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or Trade Secrets, or for breach of non-competition covenants, THE FRANCHISOR, THE FRANCHISEE, THE GUARANTORS, AND THE FRANCHISEE'S PRINCIPALS EACH WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR PUNITIVE, EXEMPLARY, CONSEQUENTIAL, MULTIPLE, OR INCIDENTAL DAMAGES, whether asserted as a related or independent tort, as a breach of contract, or as any other claim or cause of action based on statutory or common law.

ARTICLE 24.
FORCE MAJEURE

24.1 Definition. As used in this Agreement, the term "Force Majeure" shall mean any act of God, strike, lock-out or other industrial disturbance, war (declared or undeclared), act of terrorism, riot, epidemic, fire or other catastrophe, act of any government and any other similar cause not within the control of the party affected thereby.

24.2 Effect of Force Majeure Event. If the performance of any obligation by any party under this Agreement is prevented, hindered or delayed by reason of Force Majeure, which cannot be overcome by use of normal commercial measures, the parties shall be relieved of their respective obligations to the extent the parties are respectively necessarily prevented, hindered or delayed in such performance during the period of such Force Majeure. The party whose performance is affected by an event of Force Majeure shall give prompt notice of such Force Majeure event to the other party by telephone or telegram (in each case to be confirmed in writing), setting forth the namre thereof and an estimate as to its duration, and shall be liable for failure to give such timely notice only to the extent of damage actually caused.

24.3 Relocation. Notwithstanding the provisions of this Article 24, if as a result of an event of Force Majeure (including condemnation proceedings), the Franchisee ceases to operate hs Bakery Café or loses the right to possession of the Bakery Café premises, Franchisee shall apply within thirty (30) days after the event of Force Majeure for Franchisor's approval to relocate and/or reconstruct the Bakery Café. If relocation is necessary, Franchisor agrees to use its reasonable efforts to assist Franchisee in locating an altemative she in the same general area where Franchisee can operate a Bakery Café within the System for the balance of the term of this Agreement. If Franchisor so assists Franchisee, Franchisee shall reimburse Franchisor for its reasonable out-of-pocket expenses incurred as a result thereof, and this provision shall not be construed to prevent Franchisee from receiving the full amount of any condemnation award of damages relating to the closing of the Bakery Café; provided, however, that if Franchisor or its Affiliate is the lessor of the Bakery Café premises, Franchisee specifically waives and releases any claim it may have for the value of any building, fixtures and other improvements on the premises, whether or not installed or paid for by the Franchisee, and Franchisee agrees to subordinate any claim it may have to Franchisor's claim for such improvements. Selection of an alternative location will be subject to the site approval procedures set forth in Section 1.4 of this Agreement. Once Franchisee has obtained Franchisor's approval to relocate and/or reconstruct the Bakery Café, Franchisee must diligently pursue relocation and/or reconstruction until the Bakery Café is reopened for business.

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ARTICLE 25.
APPROVALS AND WAIVERS

25.1 Approval. Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor therefor; and such approval or consent shall be obtained in writing. Except where this Agreement expressly obligates Franchisor not to unreasonably withhold its approval or consent to any of Franchisee's actions or requests, Franchisor has the absolute right, in its sole and arbitrary discretion, to refuse any request Franchisee makes or to withhold its approval of any of Franchisee's proposed or effected actions that require Franchisor's approval.

25.2 No Warranty or Assumption of Liability. Franchisor makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee, by providing any waiver, approval, consent, or suggestion to Franchisee in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor.

25.3 Waiver. No delay, waiver, omission, or forbearance on the part of Franchisor to exercise any right, option, duty, or power arising out of any breach or default by Franchisee, or by any other franchisee, of any of the terms, provisions, or covenants hereof, shall constitute a waiver by Franchisor to enforce any such right, option, or power against Franchisee, or any other right, option, or power of Franchisor, or as to subsequent breach or default by Franchisee. Subsequent acceptance by Franchisor of any payments due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants, or conditions of this Agreement.

25.4 Subordination. Franchisor will not enter into or execute any agreement subordinating any security interest it may have in the equipment, fixtures, furniture, machinery, Products, supplies, or other personal property in any ATLANTA BREAD COMPANY Bakery Café. Franchisor will not release or waive any liens, security interests, claims, demands or other rights that it may have in such personal property.

ARTICLE 26.
SEVERABILITY AND CONSTRUCTION

26.1 Severability. Except as expressly provided to the contrary herein, each section, part, term, and/or provision of this Agreement shall be considered severable; and if, for any reason, any section, part, term, and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any effect upon, such other sections, parts, terms, and/or provisions of this Agreement as may remain otherwise intelligible; and, the latter shall continue to be given full force and effect and bind the parties hereto; and said invalid sections, parts, terms, and/or provisions shall be deemed not to be a part of this Agreement; provided, however, that if Franchisor determines that such finding of invalidity or illegality adversely affects the basic consideration of this Agreement, Franchisor may, at its option, terminate this Agreement. If any clause or provision herein would be deemed invalid or unenforceable as written, it shall be deemed modified or limited to such extent or in such manner as may be necessary to render the clause or provision valid and enforceable to the greatest extent

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possible in light of the interest of the parties expressed in that clause or provision, subject to the provisions of the preceding sentence.

26.2 No Third Party Beneficiaries. Notwithstanding anything to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisor and Franchisee and such of their respective successors and assigns as may be contemplated by Articles 12 through and including Article 15 hereof any rights or remedies under or by reason of this Agreement.

26.3 Maximum Enforceability. Franchisee expressly agrees to be bound by any promise or covenants imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

26.4 Captions. Ail captions and headings in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof

26.5 Construction. All references herein to the masculine, neuter, or singular shall be construed to include the masculine, feminine, neuter, or plural, where applicable, and all acknowledgments, promises, covenants, agreements, and obhgations herein made or undertaken by Franchisee shall be deemed jointly and severally undertaken by each of the persons named as Franchisee, if more than one person is so named. The words "include," "includes" and "including" when used in this Agreement will be interpreted as if they were followed by the words "without limitation." References to section numbers and attachments will refer to sections of and attaclmients to this Agreement, as applicable, unless the context indicates otherwise.

ARTICLE 27.
MISCELLANEOUS

27.1 Notices. Any and all notices required or permitted under this Agreement shall be in writing and shall be delivered by (i) personal delivery; (ii) by U.S. certified or registered mail, postage prepaid, return receipt requested; or (iii) by reputable express mail or courier service, to the respective parties at the addresses set forth below, unless and until a different address has been designated by written notice to the other party. Any such notice shall be deemed to have been given upon the earlier of (i) receipt (or receipt refused), or (ii) in the case of notice sent by U.S. certified or registered mail, three (3) days after mailing, excluding Sundays and national holidays, regardless of whether Franchisee refuses service or is no longer at the address for notice.

Notice as to the FRANCHISOR:

ATLANTA BREAD COMPANY INTERNATIONAL, INC.
1200 Wilson Way, Suite 100
Smyma, GA 30082

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Attn: Legal Department

Notice as to the FRANCHISEE:

_____

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_____

27.2 Entire Agreement; Binding Effect. This Agreement, the Selected Term Summary and the other documents referred to herein, and the Exhibits hereto, constitute the entire, full, and complete Agreement between the parties concerning the subject matter hereof, and supersede any and all prior agreements between the parties. This Agreement may be signed in multiple counterpart copies, including by facsimile or other electronic means, each of which will be deemed an original. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors, and permitted assigns.

27.3 Amendments. No amendment, change, or variance from this Agreement shall be binding on the parties unless mutually agreed to by the parties in writing executed by themselves or their authorized officers or agents. No purported amendment, change or variance from the printed form of this Agreement shall be binding unless initialed by all parties hereto. This Section 27.3 shall in no way affect Franchisor's ability, in its sole discretion, to change, modify and supplement the System, Marks and Manuals as provided in this Agreement.

27.4 Cumulative Remedies. No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

27.5 Blocked Persons or Entities. Franchisee represents and warrants to Franchisor that, to its actual and constructive knowledge: (i) neither Franchisee (including, for purposes of this section, its Principals, directors and officers), nor any of its Affiliates, funding sources or guarantors, is identified on the list of the U.S. Treasury's Office of Foreign Assets Control ("OFAC"); (ii) neither Franchisee nor any of its Affiliates or guarantors are directly or indirectly owned or controlled by the government of any country that is subject to an embargo imposed by the United States government; (iii) neither Franchisee nor any of its Affiliates or guarantors are acting on behalf of a government of, or are involved in business arrangements or other transactions with, any country that is subject to such an embargo. Franchisee agrees to notify Franchisor in writing immediately upon the occurrence of any event which would cause the foregoing representations and warranties of this Section 27.5 to be incorrect in any respect. Notwithstanding anything to the contrary in this Agreement, Franchisee may not allow or sustain a Transfer to a Specially Designated National or Blocked Person or to an Entity in which a Specially Designated National or Blocked Person has an interest.

27.6 Disclaimers by Franchisor.

a. In executing this Agreement, accepting any proposed site, approving a location or giving advice or providing services or assistance in connection with locating a site

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under this Agreement, Franchisor does not guarantee the suitability of an Accepted Location or the success of any Bakery Café established at such site. Franchisor expressly disclaims any warranties, express or implied, with respect to the suitability of any site or the success of any Bakery Café. Furthermore, Franchisor expressly disclaims the making of any warranty or guarantee, express or implied, as to the potential volume, profits, or success of the business venture contemplated by this Agreement.

b. FRANCHISOR MAKES NO EXPRESS WARRANTIES AND EXPRESSLY EXCLUDES AND DISCLAIMS ALL IMPLIED WARRANTIES WITH RESPECT TO ALL PRODUCTS, SUPPLIES, SERVICES, FIXTURES AND EQUIPMENT FRANCHISOR OFFERS, SELLS OR REQUIRES FOR FRANCHISEE'S FRANCHISE, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. FRANCHISEE'S EXCLUSIVE REMEDY AND FRANCHISOR'S EXCLUSIVE LIABILITY FOR ALL CLAIMS AS TO ANY PRODUCTS, SUPPLIES, SERVICES, FIXTURES AND EQUIPMENT IS LIMITED TO THE PURCHASE PRICE THEREFOR, PLUS SHIPPING COSTS, IF ANY, FRANCHISEE PAID; OR, AT FRANCHISOR'S OPTION, THE REPLACEMENT THEREOF. FRANCHISOR WILL NOT BE LIABLE UNDER ANY CIRCUMSTANCES FOR SPECIAL, INCIDENTAL, INDIRECT, CONSEQUENTIAL, MULTIPLIED, EXEMPLARY, OR PUNITIVE DAMAGES, WHETHER OR NOT CAUSED BY OR RESULTING FROM FRANCHISOR'S NEGLIGENCE.

ARTICLE **28.**
ACKNOWLEDGMENTS BY FRANCHISEE

Franchisee hereby acknowledges the following:

(a) FRANCHISEE HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE FRANCHISE AND UNDERSTANDS THAT THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES BUSINESS RISKS AND THAT THE SUCCESS OF THE VENTURE WILL BE LARGELY DEPENDENT UPON THE BUSINESS ABILITIES OF FRANCHISEE AND ITS EFFORTS AS AN INDEPENDENT BUSINESS OPERATOR.

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Initials

(b) FRANCHISEE AGREES THAT NO CLAIMS OF SUCCESS OR FAILURE HAVE BEEN MADE TO IT PRIOR TO SIGNING THIS AGREEMENT AND THAT IT HAS NOT RECEIVED OR RELIED UPON ANY STATEMENT OR PROMISE, EXPRESS OR IMPLIED, REGARDING THE ACTUAL, AVERAGE OR PROJECTED PROFITS OR EARNINGS, THE LIKELIHOOD OF SUCCESS, THE AMOUNT OF MONEY THAT FRANCHISEE MAY EARN, OR THE TOTAL AMOUNT OF REVENUE THAT AN ATLANTA BREAD COMPANY BAKERY CAFÉ WILL GENERATE, THAT IS NOT CONTAINED IN THE FRANCHISE DISCLOSURE DOCUMENT OR THAT IS CONTRARY TO, OR DIFFERENT THAN, THE INFORMATION CONTAINED IN THE FRANCHISE DISCLOSURE DOCUMENT. THIS AGREEMENT CONTAINS ALL ORAL AND WRITTEN AGREEMENTS, REPRESENTATIONS, WARRANTIES, AND ARRANGEMENTS

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BETWEEN THE PARTIES HERETO, AND ANY RIGHTS WHICH THE RESPECTIVE PARTIES HERETO MAY HAVE HAD UNDER ANY OTHER PREVIOUS CONTRACTS ARE HEREBY CANCELED AND TERMINATED, AND NO REPRESENTATIONS OR WARRANTIES ARE MADE OR IMPLIED, EXCEPT AS SPECIFICALLY SET FORTH HEREIN.

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Initials

(c) FRANCHISEE HAS NO KNOWLEDGE OF ANY REPRESENTATIONS BY FRANCHISOR OR ITS OFFICERS, DIRECTORS, SHAREHOLDERS, EMPLOYEES, AGENTS OR SERVANTS ABOUT THE BUSINESS CONTEMPLATED BY THIS AGREEMENT THAT ARE CONTRARY TO THE TERMS OF THE FRANCHISE DISCLOSURE DOCUMENT, THIS AGREEMENT OR THE DOCUMENTS INCORPORATED HEREIN. FRANCHISEE REPRESENTS THAT IT HAS MADE NO MISREPRESENTATIONS IN OBTAINING THIS AGREEMENT.

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Initials

(d) FRANCHISEE ACCEPTS FULL RESPONSIBILITY AND OBLIGATION FOR SELECTION OF A SITE FOR THE FRANCHISE, ACKNOWLEDGES THAT IT IS MAKING AN INDEPENDENT INFORMED BUSINESS DECISION REGARDING A PROPOSED SITE OR ACCEPTED LOCATION AND THAT IT HAS NOT RELIED UPON ANY REPRESENTATION OR INFORMATION FROM OR SUPERIOR KNOWLEDGE OF FRANCHISOR OR FRANCHISOR'S AFFILIATES REGARDING THE SUCCESS OF A PROPOSED SITE OR ACCEPTED LOCATION. FRANCHISEE ACKNOWLEDGES THAT FRANCHISOR'S APPROVAL OR ACCEPTANCE OF FRANCHISEE'S LOCATION DOES NOT CONSTITUTE RECOMMENDATION OR ENDORSEMENT OF THE LOCATION, NOR THAT THE SIZE OF THE MARKET IN WHICH THE FACILITY IS LOCATED IS ADEQUATE TO SUPPORT THE FRANCHISE OR WILL NOT SUBSEQUENTLY BECOME SATURATED, NOR ANY ASSURANCE BY FRANCHISOR THAT THE OPERATION OF ANY SITE WILL BE SUCCESSFUL OR PROFITABLE. FRANCHISEE UNDERSTANDS THAT THE SUITABILITY OF A SITE AND THE SUCCESS OF ANY BAKERY CAFE DEPEND ON MANY FACTORS, SOME OF WHICH ARE OUTSIDE THE CONTROL OF EITHER FRANCHISOR OR FRANCHISEE (SUCH AS COMPETITION, INTEREST RATES, UNEMPLOYMENT RATES, WORKFORCE AVAILABILITY, DEMOGRAPHIC TRENDS, AND THE GENERAL ECONOMIC CLIMATE), BUT MANY OF WHICH DEPEND ON A PARTICULAR FRANCHISEE'S EFFORTS AND BUSINESS ACUMEN IN OPERATING AND MARKETING THE BAKERY CAFÉ.

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Initials

(e) FRANCHISEE ACKNOWLEDGES THAT FRANCHISOR OR ITS AGENT HAS PROVIDED FRANCHISEE WITH A FRANCHISE DISCLOSURE DOCUMENT AT LEAST FOURTEEN (14) CALENDAR DAYS BEFORE THE EXECUTION OF THIS

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AGREEMENT OR PAYMENT OF ANY CONSIDERATION. FRANCHISEE FURTHER ACKNOWLEDGES THAT IT HAS READ SUCH FRANCHISE DISCLOSURE DOCUMENT AND THIS AGREEMENT AND ANY ATTACHMENTS THERETO OR RELATING THERETO, AND UNDERSTANDS THEIR CONTENTS.

_____
Initials

(g) FRANCHISEE ACKNOWLEDGES THAT FRANCHISOR HAS PROVIDED FRANCHISEE WITH A COPY OF THIS AGREEMENT AND ALL RELATED DOCUMENTS, FULLY COMPLETED, AT LEAST SEVEN (7) CALENDAR DAYS PRIOR TO THE FRANCHISEE SIGNING THIS AGREEMENT.

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Initials

(h) FRANCHISEE ACKNOWLEDGES THAT IT HAS HAD AMPLE OPPORTUNITY TO CONSULT WITH ITS OWN ATTORNEYS, CONSULTANTS, ACCOUNTANTS, AND OTHER ADVISORS AND THAT THE ATTORNEYS FOR FRANCHISOR HAVE NOT ADVISED OR REPRESENTED FRANCHISEE WITH RESPECT TO THIS AGREEMENT OR THE RELATIONSHIP THEREBY CREATED. FRANCHISEE ACKNOWLEDGES THAT FRANCHISOR HAS ENCOURAGED FRANCHISEE TO SEEK LEGAL ADVICE, INCLUDING LEGAL ADVICE IN REVIEWING AND CONSIDERING THE FRANCHISE DISCLOSURE DOCUMENT AND RELATED AGREEMENTS, INCLUDING THIS AGREEMENT.

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(i) FRANCHISEE, TOGETHER WITH ITS ADVISORS, HAS SUFFICIENT KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS TO MAKE AN INFORMED INVESTMENT DECISION WITH RESPECT TO THE FRANCHISE.

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(j) FRANCHISEE IS AWARE OF THE FACT THAT OTHER PRESENT OR FUTURE FRANCHISEES OF FRANCHISOR MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENTS, AND CONSEQUENTLY, THAT FRANCHISOR'S OBLIGATIONS AND RIGHTS WITH RESPECT TO ITS VARIOUS FRANCHISEES MAY DIFFER MATERIALLY IN CERTAIN CIRCUMSTANCES.

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(k) FRANCHISEE ACKNOWLEDGES THAT THIS INSTRUMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN FRANCHISOR AND

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FRANCHISEE, AND THAT THIS AGREEMENT TERMINATES AND SUPERSEDES ANY PRIOR AGREEMENT BETWEEN THE PARTIES CONCERNING THE SAME SUBJECT MATTER. TO THE FULLEST EXTENT ALLOWED BY APPLICABLE LAW, FRANCHISEE WAIVES THE RULE THAT WOULD CONSTRUE AMBIGUOUS LANGUAGE AGAINST FRANCHISOR AS THE DRAFTER OF THIS AGREEMENT.

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IN **WITNESS WHEREOF**, Franchisor and Franchisee have entered into this Agreement as of the date first above written.

FRANCHISOR:

ATLANTA BREAD COMPANY INTERNATIONAL, INC.

By: _____

Title: _____

Name: _____

Date: _____

_____
Witness

FRANCHISEE:

_____

By: _____

Title: _____

Name: _____

Date: _____

_____
Witness

By: _____

Title: _____

Name: _____

Date: _____

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EXHIBIT A

ACCEPTED LOCATION ADDENDUM

This Addendum is made this ____ day of _____, 20___, by and between Atlanta Bread Company Intemational, Inc. (the "Franchisor") and (the "Franchisee").

WHEREAS, Franchisor and Franchisee desire to amend the Franchise Agreement dated _____, 20___ (the "Franchise Agreement") between Franchisor and Franchisee for an Atlanta Bread Company franchise located at _____.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. The Selected Term Summary "BAKERY CAFÉ ACCEPTED LOCATION" and "EXCLUSIVE TERRITORY" sections of the Franchise Agreement are hereby replaced by the following:

ACCEPTED LOCATION: _____.

EXCLUSIVE TERRITORY: _____.

2. All other terms and conditions of the Franchise Agreement shall remain in full force and effect except as modified or supplemented by this Addendum.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Addendum to the Franchise Agreement on the day and year first written above.

ATTEST:

ATLANTA BREAD COMPANY INTERNATIONAL, INC.
FRANCHISOR

By: _____
Print Name:_____

By:_____
Print Name:_____

WITNESS:

_____
FRANCHISEE

By: _____
Print Name:_____

By:_____
Print Name:_____

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EXHIBIT B

CONFIDENTIALITY AGREEMENT

In consideration of his or her employment with _____ (the "Employer"), a FRANCHISEE of Atlanta Bread Company International, Inc. ("ABCI") operating an ATLANTA BREAD COMPANY Bakery Café, the undersigned employee (the "Employee") agrees as follows:

1. For purposes of this Agreement, the following terms shall have the following meanings:

"Confidential Information" means data or information which is either: (1) marked "Confidential" or with some similar designation; or (2) related to ABCI's or Employer's business, disclosed to Employee as a consequence of his or her employment, which is valuable to ABCI or its affiliates or subsidiaries or to Employer, and not generally known to the competitors of ABCI or Employer. Confidential Information includes, but is not limited to, Trade Secrets.

"Trade Secret" means data or information of ABCI or its affiliates or subsidiaries or Employer, without regard to form, including but not limited to technical or non-technical data, a formula, a pattern, a compilation, a program, a device, a method, a technique, a drawing, a process, financial data, financial plans, product plans, or a list of actual or potential customers or suppliers, that: (1) is not commonly known by or available to the public; (2) derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (3) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

"Manuals" means all of the manuals developed by ABCI that contain mandatory and/or suggested standards, specifications and procedures prescribed from time to time for the design, development, and operation of an ATLANTA BREAD COMPANY Bakery Café, which may consist of printed manuals, computerized documents or software, information provided on the Internet or an Extranet, audiotapes, videotapes, written directives or memoranda, or any other medium ABCI adopts periodically for use with the System and designates as part of the Manuals, including ABCI's Operations Manual and any other manuals that ABCI or its subsidiaries or affiliates may develop or prescribe from time to time for use in Employer's Bakery Cafe business, which may consist of more than one volume, as the same may be changed, modified, revised and supplemented from time to time.

Confidential Information and/or Trade Secrets include, without limitation, the following:

1. the Manuals;

2. non-public aspects of methods, techniques, specifications, procedures, information, systems, knowledge and experience involved in the site selection, development, design, construction, layout, licensing, and operation of ATLANTA BREAD COMPANY Bakery Cafés, whether contained in the Manuals, training materials or otherwise;

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3. recipes, menu analyses, and non-public methods, procedures, and techniques for preparing products offered in ATLANTA BREAD COMPANY Bakery Cafés;

4. test programs, concepts, and results relating to the planning, development, analysis, selection and testing of components of the ATLANTA BREAD COMPANY system of operating Bakery Cafés and of products offered in ATLANTA BREAD COMPANY Bakery Cafés;

5. identities of suppliers of food, beverages, ingredients, equipment and other items required and/or used by ATLANTA BREAD COMPANY Bakery Cafés;

6. non-public aspects of marketing programs, brand characteristics, advertising strategies, and image; and

7. non-public aspects of technology, processes, business plans, business systems, contract terms, knowledge, know-how, drawings, materials, equipment, techniques, procedures for display of products, product formulae, and other data.

Confidential Information and Trade Secrets do not include data, information, processes, or techniques: (1) which have been voluntarily disclosed to the public by ABCI, except where such disclosure has been made by an employee or franchisee of ABCI without authorization from ABCI; (2) which has been independently developed and disclosed by others, other than through disclosure in violation of this Agreement or other confidentiality agreements; or (3) which has otherwise entered the public domain through lawful means.

2. During Employee's employment with Employer, Employee shall not, directly or indirectly, publish, communicate, disclose, divulge, copy, appropriate or otherwise use any of the Confidential Information or Trade Secrets to or for the benefit of Employee or any other person or entity, except as required to carry out Employee's duties and obligations in the Employer's Bakery Café business.

3. For so long after the date that Employee's employment with Employer ends for any reason (including leaving voluntarily or termination) that any Confidential Information remains confidential or Trade Secret remains a Trade Secret under applicable law, Employee shall not, directly or indirectly, publish, communicate, disclose, divulge, copy, appropriate or otherwise use any of such Confidential Information or Trade Secrets to or for the benefit of Employee or any other person or entity.

5. During Employee's employment with Employer, Employee hereby agrees not to borrow or remove any of the Confidential Information or Trade Secrets from the premises of the Employer's Bakery Café without the express written approval of the Employer.

6. Employee further agrees that a breach of this Agreement would cause immediate, irreparable competitive injury and incalculable harm to Employer and ABCI. Therefore, the undersigned agrees that Employer and/or ABCI shall be entitled to equitable relief by any court

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of competent jurisdiction, including, without limitation, specific performance and/or an order restraining and enjoining any breach or further breach of this Agreement by Employee. Such right is in addition to and not in lieu of any and all other remedies available to Employer or ABCI at law or in equity. The undersigned expressly waives any requirement for the posting of a bond in an action for specific performance or injunction.

7. Employee agrees to pay all of Employer's and ABCI's costs and expenses, including reasonable attorneys' fees and court costs, in enforcing their rights under this Agreement.

8. Employee agrees that ABCI is an intended third-party beneficiary of this Agreement and that this Agreement is intended for the benefit of ABCI in addition to Employer. ABCI and/or Employer, and their respective successors and assigns, shall have the right to enforce the terms hereof

9. This Agreement contains the entire agreement between the parties conceming the subject matter hereof, and supersedes any and all prior agreements, written or oral, between the parties.

10. No right or remedy conferred upon or reserved to Employer or ABCI by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

11. This Agreement may not be amended, changed or modified except in writing signed by ABCI and all of the parties hereto.

12. In the event that any paragraph in this Agreement or any portion thereof is found to be unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall not be affected thereby and shall remain in full force and effect.

13. The failure of any party to exercise any power given any party hereunder or to insist upon strict compliance by any party of its obligations hereunder shall not constitute a waiver of any party's right to demand exact compliance with the terms hereof.

14. This Agreement has been entered into and shall be govemed by, and construed, interpreted and enforced in accordance with the laws of the State of Georgia, which laws shall prevail in the event of any conflict of law.

[signatures appear on next page]

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The undersigned Employee understands and accepts the obligations set forth in this Agreement and agrees to be bound by them effective as of the date set forth this _____ day of_____, 2___.

_____
Employee Signature

_____
Print Name

ACCEPTED BY:

_____
Employer's Authorized Representative

_____
Print Name

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EXHIBIT C

GUARANTEE

As an inducement to Atlanta Bread Company International, Inc. ("Franchisor" or "ABC") to execute that certain Franchise Agreement (as defined below) between Franchisor and _____ ("Franchisee") dated _____ covering that certain ABC Bakery Café (the "Bakery Café") located or to be located at _____, the undersigned, including their spouses, if any (collectively, "Guarantor"), jointly and severally, hereby agree to be individually bound by all the terms and condhions of the above-referenced Franchise Agreement, including any amendments, addendums and attachments thereto whenever made (the "Franchise Agreement") and unconditionally guarantee to Franchisor and its affiliates and their respective successors and assigns that all of Franchisee's obligations under the Franchise Agreement and other agreements between Franchisee and Franchisor or Franchisor's affiliates ("Related Agreements") will be punctually paid and performed. The Franchise Agreement and Related Agreements are collectively referred to herein as the "Agreements."

1. Guarantor's liability under this Guarantee is a guarantee of payment and performance of the Agreements and not of collectibility. Guarantor's liability hereunder will continue until all obligations under the Agreements have been satisfied in fiill and will not be limited or affected in any way by transfer of the ABC Bakery Café or any disability of Franchisee. If all or any portion of the obligations guaranteed hereunder are paid or performed, Guarantor's obligations hereunder will continue and remain in hill force and effect if ail or any part of such payment or performance is avoided or recovered directly or indirectiy from Franchisor as a preference, fraudulent transfer or otherwise, irrespective of any notice of revocation given by Guarantor prior to such avoidance or recovery. Upon the death of an individual Guarantor, the estate of such Guarantor will be bound by this Guarantee but only for defaults and obligations hereunder existing at the time of death, and the obligations of other Guarantors will continue in full force and effect.

2. Upon default by Franchisee under the Agreements and notice of such default from Franchisor to Guarantor, Guarantor will immediately make each payment and perform each obligation required of Franchisee under the Agreements, without any requirement that Franchisor first send a notice of default to Franchisee, and Guarantor hereby waives any and all rights it may otherwise have under statutory or common law relating to any notice requirements thereunder. Without affecting the obligations of Guarantor hereunder, Franchisor may, without notice to Guarantor, extend, modify, or release any indebtedness or obligation of Franchisee or any other guarantor, or settle, adjust, or compromise any claims against Franchisee or any other guarantor. Guarantor waives notice of amendment of the Agreements and notice of demand for payment or performance by Franchisee. Guarantor shall pay all of the costs and expenses (including attomeys' fees and court costs, whether incurred before or at trial, on appeal, or otherwise) incurred by Franchisor to enforce this Guarantee.

3. Guarantor hereby waives all other rights or benefits otherwise provided to sureties or guarantors under any state or federal law or common law, except as provided in this Guarantee. This waiver is expressly intended to waive any and all benefits and defenses under California Civil Code Sections 2819, 2845, 2849, and 2850 and any benefits or defenses available under the laws of any other state that may be deemed to be applicable to this Guarantee, including, without limitation, the right to require Franchisor to (i) obtain Guarantor's

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consent to any modification of the Franchise Agreement or any other agreement between Franchisor and any party other than Guarantor, (ii) proceed against any collateral that may be given for any of Franchisee's obligations, or (iii) pursue any other right or remedy for Guarantor's benefit, and Guarantor further agrees that Franchisor may proceed against Guarantor for the obligations guaranteed herein without taking any action against Franchisee or any other guarantor or pledgor. Guarantor agrees that Franchisor may unqualifiedly exercise, in its sole discretion, any or all rights and remedies available to it against Franchisee or any other guarantor or pledgor without impairing Franchisor's rights and remedies in enforcing this Guarantee, under which Guarantor's liabilities will remain independent and unconditional. Guarantor acknowledges that Franchisor's exercise of certain of such rights or remedies may affect, or eliminate Guarantor's right of subrogation or recovery against Franchisee and that Guarantor may incur a partially or totally nonreimbursable liability under this Guarantee.

4. On Franchisor's request, Guarantor will promptly deliver to Franchisor complete and current financial statements and tax returns and such other financial information about Guarantor as Franchisor may reasonably request. Guarantor further agrees to keep Franchisor fully informed on all aspects of Franchisee's financial condition and the performance of Franchisee's obligations to Franchisor and that Franchisor has no duty to disclose to Guarantor any information pertaining to Franchisee or to notify Guarantor of Franchisee's default under the Franchise Agreement or any Related Agreement.

5. No failure or delay on Franchisor's part in exercising any power or privilege hereunder will impair any such power, right or privilege or be construed as a waiver of or an acquiescence therein. No terms or provisions of this Guarantee may be changed, waived, revoked, or amended without Franchisor's prior written consent. Should any provision of this Guarantee be determined by a court of competent jurisdiction to be unenforceable, all of the other provisions will remain effective. This Guarantee embodies the entire agreement among the parties hereto with respect to the matters set forth herein and supersedes all prior agreements among the parties with respect to the matters set forth herein.

6. Each Guarantor hereby jointly and severally holds harmless, and agrees to defend, protect, and indemnify Franchisor from any actions, causes of action, liabilities, damages, losses, costs, and expenses (including attorneys' fees and court costs) and all other claims of every nature which may arise as a result of any dispute between or among any of Guarantor and any other persons or entities. Franchisor may assign this Guarantee without in any way affecting Guarantor's liability. This Guarantee will inure to the benefit of Franchisor, its affiliates and their successors and assigns and will bind Guarantor and Guarantor's heirs, executors, administrators, successors, and assigns. This Guarantee is executed in accordance with, and pursuant to, the terms of the Franchise Agreement and any default hereunder will be a default under the Franchise Agreement.

7. This Guarantee shall be governed by and construed in accordance with the laws of the State of Georgia, the law of which shall prevail in the event of any conflict of law. If, however, any provision of this Guarantee would not be enforceable under the laws of Georgia, and if the ABC Bakery Café is located outside of Georgia and the provision would be enforceable under the laws of the state in which the ABC Bakery Café is located, then the provision in question (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this section is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant," unfair competition, fiduciary or any other

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doctrine of law of the State of Georgia or any other state which would not otherwise apply absent this paragraph.

8. Guarantor agrees that any action brought by Guarantor against Franchisor in any court, whether federal or state, shall be brought only within the State of Georgia in the judicial district in which Franchisor has its principal place of business, and the parties waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision. Guarantor also agrees that the Franchisor may, in its sole discretion, bring any action against the Guarantor in any court, whether federal or state, within either a) the State of Georgia; or b) in any jurisdiction in which the Guarantor resides or owns property. If the Franchisor brings an action against Guarantor in any state or federal court located within the State of Georgia in the judicial district in which Franchisor has its principal place of business, Guarantor accepts generally and unconditionally the jurisdiction and venue of the aforesaid courts and waives any defense of forum non conveniens.

9. THE UNDERSIGNED GUARANTOR ACKNOWLEDGES THAT IT WAS AFFORDED THE OPPORTUNITY TO READ THIS DOCUMENT CAREFULLY AND TO REVIEW IT WITH AN ATTORNEY OF ITS CHOICE BEFORE SIGNING IT. GUARANTOR ACKNOWLEDGES HAVING READ AND UNDERSTOOD THE MEANING AND EFFECT OF THIS DOCUMENT BEFORE SIGNING IT.

[Signatures appear on next page.]

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IN WITNESS WHEREOF, each of the undersigned has signed this Guarantee as of the date of the Franchise Agreement.

GUARANTORS

By: _____
Printed: _____
Address: _____
_____
_____

By: _____
Printed: _____
Address: _____
_____
_____

By: _____
Guarantor's Spouse
Printed: _____
Address: _____
_____
_____

By: _____
Guarantor's Spouse
Printed: _____
Address: _____
_____
_____

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EXHIBIT D

DEFINITIONS

For purposes of this Agreement, the terms listed below appearing as initially capitalized terms shall have the meanings set forth below. Other terms used in this Agreement are defined and construed in the context in which they occur.

"Accepted Location" means the Bakery Café location approved by Franchisor at the address and location set forth on the Selected Term Summary or on the Accepted Location Addendum attached to this Agreement as Exhibit A.

"Advertising Fee" shall have the meaning set forth in Article 8 of this Agreement.

"Affiliate" means any person or Entity that directly or indirectly owns or controls the referenced party, that is directiy or indirectly owned or controlled by the referenced party, or that is under corrunon control with the referenced party. For purposes of this definhion, "control" means the power, directly or indirectly, to direct or cause the direction of the management and polices of an Entity, whether through ownership of voting securities, by contract or otherwise.

"Agreement" means the Franchise Agreement between Franchisor and Franchisee to which this Exhibit D is attached, as may be amended from time to time by the parties pursuant to the terms in the Agreement.

"ATLANTA BREAD COMPANY Bakery Café" or "Bakery Café" means a Bakery Café which offers the Products for sale under the Marks and the System and is operated by Franchisor or its Affiliates or pursuant to a valid license by or franchise agreement with Franchisor.

"ATLANTA BREAD COMPANY System" or "System" means the methods, techniques, standards and specifications of developing, opening, operating and promoting Bakery Cafés which sell the Products using the Marks, including a distinctive trade dress, color scheme, and interior and exterior building design and Bakery Café format; standards and specifications for design, construction, equipment, signs, furnishings, assistance, food formulas, recipes, and methods of preparation of Products; operating procedures; procedures for quality control; training and ongoing operational assistance; advertising and promotional programs; procedures for inventory and management control; and other related benefits; all of which may be changed, improved and further developed by Franchisor from time to time.

"Bakery Café Opening Date" means the date Franchisee's Bakery Café first opens for business.

"Bound Party" means Franchisee's spouse, or if Franchisee is not an individual, its Principals and their respective spouses, and all Bakery Café manager(s).

"Designated Principal(s)" shall mean the person or persons identified in the Selected Term Summary of this Agreement, which person or persons is/are the Franchisee's controlling shareholder(s), partner(s), member(s) or other equity holder(s).

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"Entity" means any corporation, limited liability company, partnership, joint venture, business trust or similar association or legal entity.

"Exclusive Territory" means the geographic area in which the Accepted Location is located designated as the "Exclusive Territory" in the Selected Term Summary, as may be amended by the Accepted Location Addendum. The Exclusive Territory shall be measured based upon a radius extending from the front door of Franchisee's Bakery Café (and not from any mall or strip center entrance).

"Franchise" means the Bakery Café operated by Franchisee at the Accepted Location using the Marks and the System pursuant to this Agreement.

"Franchise Term" shall mean the applicable term of this Agreement (either the Initial Term or the Renewal Term) as specified in the Selected Term Summary of this Agreement.

"Gross Sales" means:

a. all receipts (cash, cash equivalents or credit) or revenues from sales from all business conducted upon or from the Bakery Café premises, whether evidenced by check, cash, credit, charge account, exchange or otherwise, including, but not limited to, amounts received from the sale of goods, wares and merchandise (including sales of food, beverages and tangible property of every kind and nature, promotional or otherwise), and from all services performed from or at the Bakery Café premises. Gross sales shall not be reduced by any deductions for cash shortages incurred in connection with the transaction of business with customers, credit card company charges or theft, which is reimbursed by insurance or is not reported to the appropriate police authorities. Each charge or sale upon installment or credit shall be treated as a sale for the full price in the week during which such charge or sale shall be first made, irrespective of the time when Franchisee shall receive payment (whether full or partial) therefore.

b. Gross Sales shall not include: (i) the sale of goods for which cash has been refunded or not received, or allowances made for goods, if the sales of any such returned or exchanged goods shall have been previously included in gross sales, (ii) the amount of any sales tax imposed by any federal, state, municipal or other governmental authority directly on sales and intended to be collected from customers, provided that the amount thereof is added to the selling price and actually paid by the Franchisee to such governmental authority, (iii) the sale of goods for which a gift certificate is redeemed, provided that the initial sale of said gift certificate shall have been previously included in gross sales, (iv) the sale of waste products of the Bakery Café, (v) proceeds from the sale of equipment or fixtures, and (vi) any revenues generated or eamed from any pay telephones and/or newsstands located in or on the premises.

"Incapacity" means the inability of Franchisee, or, if Franchisee is an Entity, its Designated Principal, to actively participate in its activities as Franchisee hereunder for any reason for a continuous period of six months.

"Initial Franchise Fee" shall have the meaning set forth in the Selected Term Summary of this Agreement.

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"Initial Term" means the period commencing on the Bakery Café Opening Date and ending on the tenth (10th) anniversary of the Bakery Café Opening Date, unless sooner terminated in accordance with the terms of this Agreement.

"Manuals" means all of the manuals developed by Franchisor that contain mandatory and/or suggested standards, specifications and procedures prescribed from time to time for the design, development, and operation of an ATLANTA BREAD COMPANY Bakery Café and the ATLANTA BREAD COMPANY System, which may consist of printed manuals, computerized documents or software, information provided on the Intemet or an Extranet, audiotapes, videotapes, written directives or memoranda, or any other medium Franchisor adopts periodically for use with the System and designates as part of the Manuals, including Franchisor's Operations Manual and any other manuals that Franchisor may develop or prescribe from time to time, which may consist of more than one volume, as the same may be changed, modified, revised and supplemented from time to time.

"Marks" mean the trademarks, trade names, service marks, logos, signs, emblems, insignia, trade dress (including, without limitation, the design of any building or premises, and the decor and trade dress of the Bakery Café), and other commercial symbols (including the marks "ATLANTA BREAD" and "ATLANTA BREAD COMPANY") developed and approved for use by Franchisor under the System from time to time; provided that such trademarks, trade names, service marks, logos, signs, emblems, insignia and other commercial symbols, and any trade dress, are subject to change, modification and discontinuance by Franchisor and may include additional or substitute trademarks, trade names, service marks, logos, signs, emblems, insignia and other commercial symbols, and trade dress, as provided in this Agreement.

"Media" includes any news organization, station, publication, show, website, weblog (blog), bulletin board, chatroom, and/or program (past, present and/or future), whether published through the means of print, radio, television, and/or the Internet or otherwise and any member, representative, agent and/or employee of the same.

"Ownership Interests" means: (a) in relation to a corporation, the ownership of shares in the corporation; (b) in relation to a limited liability company, the ownership of membership interests in the company; (c) in relation to a partnership, the ownership of a general or limited partnership interest; or (d) in relation to a trust, the ownership of a beneficial interest in the trust.

"POS System" means a computerized cash collection and data processing system.

"Pre-Opening Obligations" shall have the meaning set forth in Section 6.1.b.

"Pre-Opening Period" means the period commencing on the Agreement Date and ending on the earlier of (i) twelve (12) months following the Agreement Date or (ii) the Bakery Café Opening Date; or such longer period as may be permitted by Franchisor in its sole discretion.

"Principals" means all persons or Entities holding a legal or beneficial ownership interest in Franchisee, directly or indirectly, including any Entity directiy or indirectiy controlling Franchisee and all persons or Entities that have any other direct or indirect interest in Franchisee or Franchisee's assets. For purposes of this definition, "control" means the power, directly or indirectly, to direct or cause the direction of the management and polices of an Entity, whether through ownership of voting securities, by contract or otherwise.

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"Products" mean bakery goods, specialty breads, rolls, coffee, deli-café sandwiches, salads, soups, desserts, and other menu items made using certain specifications and ingredients, and related items, approved for sale by the Bakery Café by Franchisor from time to time, and not later disapproved.

"Publicly-Held Corporation" means any corporation with a class of securities registered under the Securities and Exchange Act of 1934.

"Related Agreements" means any agreement between Franchisee and Franchisor or its Affiliates entered into in connection with this Agreement or the operation of the Franchise. Notwithstanding anything in this Agreement to the contrary, for purposes of Sections 1.8.e., 11.3.j., 20.2(x), and 21.4. of this Agreement, any agreement of Franchisor or its Affiliates entered into with Franchisee, its Affiliates, any Principal, or any Entity in which Franchisee or any Principal, manager, partner or joint venture of Franchisee, directly or indirectly, has any interest of ownership or participation, regardless of location, shall be deemed to be a "Related Agreement"; this may include development agreements, or agreements related to the operation of another Bakery Café or other franchised business.

"Renewal Fee" means the renewal fee described in Section 1.8.d., as may be amended by the Selected Term Summary.

"Renewal Term" means the period commencing on the expiration date of the Initial Term and ending on the tenth (10^{th}) anniversary of the Initial Term expiration date, unless sooner terminated in accordance with the terms of this Agreement.

"Retained Rights" mean Franchisor's and its Affiliates' rights:

a. to establish and operate, or grant others the right to establish and operate, an ATLANTA BREAD COMPANY Bakery Café at any location outside of the Exclusive Territory, regardless of the proximity of any of those locations to the Exclusive Territory or the Franchisee's Bakery Café, and on such terms and conditions as the Franchisor, in its sole discretion, deems appropriate;

b. To establish and operate, or grant others the right to establish and operate, any food service business or outlet that sells products or services that are the same as, similar to or different than the products or services constituting a part of the System, under service marks, trademarks, trade dress, logos, trade names, emblems, signs, slogans, insignia, commercial symbols, patents or copyrights other than the Marks, at any location within or outside the Exclusive Territory, regardless of the proximity of those locations to the Franchisee's Bakery Café;

c. to develop, use and/or franchise anywhere (including within the Exclusive Territory) the rights to any service marks, trademarks, trade dress, logos, trade names, emblems, signs, slogans, insignia, commercial symbols, patents or copyrights not designated by Franchisor as Marks, for use with similar or different franchise systems for the sale of products or services that are similar to or different than those constituting a part of the System;

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d. to market, offer, ship, distribute, sell and provide (or license or permit others to market, offer, ship, distribute, sell and provide), directly or indirectly, any products or services identified by the Marks or other trademarks, service marks, logos, emblems, or commercial symbols, including the Products, to any business, distributor, wholesaler, retailer, establishment, organization, club, outlet, individual consumer or customer located within or outside the Exclusive Territory, irrespective of the proximity to Franchisee's Bakery Café, through any distribution channel or method, including grocery stores, convenience stores, retail food stores, department stores, direct mail, mail order, catalog sales, kiosks, the Internet (or any other existing or future form of electronic commerce), and delivery services; provided, however, that any such sales will not be made from an ATLANTA BREAD COMPANY Bakery Café located in the Exclusive Territory;

e. to own, operate, franchise or license anywhere, even in close proximity to the Franchisee's Bakery Café licensed hereunder, food service businesses of any other type whatsoever operating under marks other than the Marks;

f to change or modify the System, the Marks, and the Manuals at any time, and from time to time, by the addition, deletion, discontinuance or other modification thereto; and

g. to engage in any other activity, action or undertaking that Franchisor is not expressly prohibited from taking under this Agreement.

"Royalty Fees" shall have the meaning specified in the Selected Term Summary of this Agreement.

"Specially Designated National or Blocked Person" means (i) a person or entity designated by OFAC (or any successor office or agency of the U.S. government) from time to time as a "specially designated national or blocked person" or similar status, (ii) a person or entity described in Section 1 of U.S. Executive Order 13224, issued on September 23, 2001, or (iii) a person or entity otherwise identified by government or legal authority as a person with whom Franchisor or its Affiliates are prohibited from transacting business.

"Transfer" means the voluntary, involuntary, conditional, direct or indirect assignment, sale, gift or other transfer by Franchisee (or any of its Principals) of any interest in or grant of any security interest in:

(1) this Agreement;

(2) the Franchise;

(3) the Franchisee or any entity directly or indirectly controlling Franchisee;

(4) Franchisee's Bakery Café; or

(5) some or all of the assets of Franchisee's Bakery Café (other than a sale of inventory in the ordinary course of business).

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As used above, an assignment, sale or other transfer shall include the following events:

(1) the transfer of ownership of an equity interest or partnership interest;

(2) merger or consolidation or issuance of additional securities representing an Ownership Interest;

(3) any sale of voting shares of Franchisee in any security convertible to voting shares of Franchisee or any agreement granting the right to exercise or control the exercise of the voting rights of any holder of an Ownership Interest;

(4) transfer in divorce, insolvency, corporate or partnership dissolution proceeding, or, in the event of death of Franchisee or a Principal of Franchisee, by will, declaration of transfer in trust, or under the laws of intestate succession or otherwise by operation of law; and

(5) transfer upon the permanent disability of Franchisee or a Principal of Franchisee.

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EXHIBIT E

PERSONAL COVENANTS

Each of the undersigned ("you") agrees that:

1. All capitalized terms used but not defined in these Personal Covenants shall have the meanings set forth in the Franchise Agreement dated as of the ___ day of _____, 20__ ("Franchise Agreement") by and between Atlanta Bread Company International, Inc. ("Franchisor") and _____ ("Franchisee").

2. You are a Bound Party.

3. As an inducement to Franchisor to enter into the Franchise Agreement, and in consideration of the direct and personal benefits you will derive from the Franchise Agreement, you agree that: (i) you have read and understand all the provisions of Articles 12 through and including Article 15 of the Franchise Agreement; (ii) you will be personally bound by all of the obligations and covenants of the Franchisee contained in Articles 12 through and including Article 15 of the Franchise Agreement as if such obligations and covenants were made and given personally by you directly to Franchisor; and (iii) such obligations and covenants are fair and reasonable and will not deprive you of your livelihood.

4. If any sentence, clause, paragraph or combination of any of them in Articles 12 through and including Article 15 of the Franchise Agreement is held by a court of competent jurisdiction to be unenforceable as applied to you, then such unenforceable sentence, clause, paragraph, or combination may be modified by such court to the extent necessary to render it enforceable, and if it cannot be so modified, it shall be severed and the remainder of Articles 12 through and including Article 15 shall remain in full force and effect.

5. You represent and warrant to Franchisor that: (i) you are not a Specially Designated National or Blocked Person; and (ii) you are not acting on behalf of a government of, or involved in business arrangements or other transactions with, any country that is subject to an embargo imposed by the United States government. You agree to notify Franchisor in writing immediately upon the occurrence of any event which would render the foregoing representations and warranties of this Section 5 incorrect.

6. These Personal Covenants shall be governed by the laws of the State of Georgia, unless the law of your jurisdiction applies under Section 23.1 of the Franchise Agreement.

7. You agree to pay the fees and expenses, including reasonable attorneys' fees and court costs, of Franchisor to enforce the terms of these Personal Covenants

[Signature Appears on Following Page]

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The undersigned hereby execute and deliver this instrument effective as of the Effective Date of the Franchise Agreement.

_____	_____
Signature	Signature
_____	_____
Print Name	Print Name
Date: _____, 20__	Date: _____, 20__

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EXHIBIT F

FRANCHISEE INFORMATION

1. Franchisee's legal organization (circle one): (a) sole proprietorship; (b) partnership; (c) corporation; (d) limited liability company; or (e) other (please specify:_____)

2. If Franchisee is not a sole proprietor, list of all its partners, members or shareholders or others holding any ownership interest in Franchisee:

	Name and Address	% Interest	Active in Operation of Business? (yes/no)
(a)	_____	_____	_____
(b)	_____	_____	_____
(c)	_____	_____	_____
(d)	_____	_____	_____

3. If Franchisee is not a sole proprietor, list of Franchisee's officers, directors, managers and/or general partners:

	Name	Thle
(a)	_____	_____
(b)	_____	_____
(c)	_____	_____
(d)	_____	_____

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The undersigned certifies that all information contained in this Exhibit F is accurate and complete, and agrees to notify Franchisor promptly (and in any case within fifteen (15) days) upon any change in the information required to be disclosed in this Exhibh F.

FRANCHISEE:

If an Individual:

Signature: _____
Print Name: _____

If other than an Individual:

_____
[Name of Entity]

By: _____
Name: _____
Title: _____

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EXHIBIT G

ADDENDUM TO LEASE

This addendum, by and between _____ (Landlord), and, _____ (Tenant), attached to the Lease dated _____, for space in the center known as, _____ do, for mutual valuable consideration and covenants agree to amend and make part of the lease document the following:

1. Assignment and Subletting: Notwithstanding anything contained in the Lease to the contrary, Landlord's consent shall not be required for any of the following transfers, (i) an assignment to a bona fide Franchisee of Atlanta Bread Company International, Inc. ("Franchisor"), provided that such Franchisee has been approved by Franchisor and shall continue to operate as an Atlanta Bread Company Bakery Café, (ii) a public offering of stock, (iii) a private offering or transfer of stock in connection with a merger, sale, consolidation, or joint venture, provided that the new entity assumes all of the obligations of the Lease applicable to Tenant, (iv) a transfer to Franchisor in the event of a sale of the business to Franchisor, Lease default or termination of the Franchise agreement. Any assignment or transfer of the Lease must first be approved by Franchisor, which Franchisor may withhold in its sole and absolute discretion, and by Landlord in accordance whh the terms and conditions of the Lease and Addendum.

2. Franchisor's Option of Assumption: Landlord hereby grants Franchisor the right to assume all of Tenant's rights and obligations under the Lease upon the occurrence of either of the following events or under the terms and conditions set forth herein:

   (a) Upon default of Tenant under the Lease: Landlord shall concurrently send to Franchisor copies of all notices of default it sends to Tenant. If Tenant fails to cure the default within the period specified within the Lease agreement, then Landlord shall promptly give Franchisor written notice thereof, specifying default Tenant has failed to cure, and shall offer Franchisor the option to assume Tenant's interest in the Lease (the Offer). Landlord shall attach a complete copy of the Lease and any amendments thereto to the offer, and Franchisor shall exercise the Offer, if at all, by written notice to landlord and Tenant (the Acceptance) within 15 business days after receipt of the Offer from Landlord and Franchisor shall begin the payment of rent from the date of Franchisor's opening for business until the expiration of the lease term or until further assignment of the lease to another Franchisee.

   (b) Upon Termination of the Franchisee Agreement: If, during the term of the Lease or any extensions thereof, Franchisor notifies Landlord, in writing, that Tenant's Franchise agreement with Franchisor has been terminated, then Landlord shall promptly give Franchisor written notice specifying any defaults of the Tenant under the Lease, and shall offer Franchisor the option to assume all of Tenant's interest in the Lease (the Offer). Landlord shall attach a complete copy of the Lease and any amendments thereto to the Offer, and Franchisor shall exercise the Offer, if at all, by written notice to Landlord within 15 business days after receipt of the Offer from Landlord. Franchisor's obligations under the lease shall begin as stated above.

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3. Assignment to Franchisor: In the event Franchisor elects to assume Tenant's interest in the Lease in accordance with the terms set forth in subparagraph 2(a) or 2(b) above, Tenant shall promptly vacate the premises and Landlord shall promptly deliver possession of the same to Franchisor provided that Franchisor has executed and delivered an assignment and assumption agreement to Landlord. Tenant agrees that Landlord is not liable and shall indemnify and hold Landlord harmless in the event that Landlord transfers interest in the Lease to Franchisor in accordance with either (a) or (b) above. After Franchisor assumes Tenant's interest under the Lease, Franchisor may, at any time, assign such interest or sublet the Premises to one of it's Franchisees upon written notice to Landlord, and upon such transfer, Franchisor will have no further liability or obligation to Landlord under the Lease.

4. Amendment of Lease: Landlord and Tenant agree not to amend this Lease without the prior express written consent of Franchisor.

5. Franchisor not a Guarantor: Landlord hereby acknowledges and agrees that notwithstanding anything contained within the Lease to the contrary, that the Franchisor shall in no way be construed as a guarantor or surety of the Tenant's obligations hereunder. Notwithstanding the forgoing, in the event, the Franchisor becomes the Tenant hereunder as provided for in this Addendum, then the Franchisor shall be liable for all of the obligations to be performed or observed by the Tenant under this Lease under the terms as stated in 2(a) above.

6. Tenant's equipment: Tenant shall be the owner of its Equipment and shall be entitled to any condemnation or insurance proceeds attributable to the Equipment. Tenant shall have the right at its sole cost and expense, to make a separate claim in any such proceeding for the removal of its Equipment. The Equipment installed by Tenant shall be the property of Tenant or Franchisee and may be removed at the termination of its tenancy. The term "Equipment" shall mean all restaurant equipment, appliances, fixtures, and fiimishings now or hereafter placed upon the premises, including without limitation, all refrigerators, walk-in coolers, stoves, ovens, broilers, dishwashers, sinks, microwave ovens, toasters, blenders, mixers, kitchen appliances, water chillers, signage, computers, cash registers, silverware, tableware, plates, glasses, cups, napkins, tablecloths, chairs, tables, booths, bars, stools, hoods, signs, track, swag, and specialty lighting , cabinets and other storage facilities, and any and all items related to the foregoing.

7. Landlord's representation regarding the condition of the Premises: Landlord warrants that the Premises are free from any easement, restriction, zoning, use agreement, or arrangement that will adversely affect the Tenant's use and enjoyment of the Premises. Landlord warrants and represents to Tenant that as of the Lease Commencement Date, the Premises and all Appurtenances thereto, shall be in compliance with all applicable government laws, rules and regulations pertaining to hazardous materials, zoning (including, without limitation, as to the use permitted hereunder), and the American Disabilities Act, and that any HVAC, electrical, plumbing, or any other systems in or serving the premises, or to be installed therein by the Landlord, shall be in good working order and that the Landlord shall remove from the Premises and any area in which Tenant's work may be performed, any hazardous materials or installation, including, without limitation, all asbestos, prior to the Lease Commencement Date.

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8. Permitted use: Tenant shall be permitted to use the premises for the operation of a Bakery Cafe providing seating to the maximum amount allowed by local governmental authority having jurisdiction over the premises, but in no event less than one hundred and twenty five (125) seats unless designed as such by Atlanta Bread Company (or such other name as the company may from time to time assume), and for the preparation and sale at retail, for on and off premises consumption, premium quality breads, bagels, pastries, muffins, cookies, desserts, breakfast entrees, salads, soups, sandwiches, pizzas, pasta and other entrees, fresh and frozen yogurt, smoothies, alcoholic and non-alcoholic beverages, and related items that may from time to time be added to the menu. Additionally, for catering and delivery of the forgoing items: and for the sale at retail of ground coffee, teas, coffee beans, and items used in the home preparation and consumption of coffees and teas, and certain gourmet food, food preparation items, and licensed products that may be carried from time to time by a majority of franchisor's stores.

9. Exclusive Use: Provided that Tenant is not in default beyond any applicable cure period, Tenant shall have the exclusive right within the center to operate a Bakery Café as defined by Tenant's use clause. Additionally, Landlord warrants that it will not lease space to, or allow the operation of a competing business whose Primary Business is that of a deli style sub or sandwich shop, retail bakery, bagel shop or gourmet coffee shop. As used herein, "Primary Business" shall be defined as any business whose sales in any of the aforesaid items are greater than thirty percent (30%) of its gross revenues. In the event that Landlord either violates or fails to enforce this provision, then Tenant, in addition to any other right or remedy it may have, shall have the right, after written notice of the violation, to a reduction of fifty percent (50%) of h's Minimum Rent from the date in which the violation occurs.

10. Landlord's nonperformance: If Landlord shall fail to undertake or perform any of the covenants or agreements contained herein and such nonperformance shall continue for a period of fifteen (15) business days after written notice from Tenant, then Landlord shall be considered in default of the Lease and Tenant shall have the option to exercise any right or remedy allowed to Tenant at law or equity by statute or otherwise, including, without limitation, termination of the Lease from the date of such default.

11. Interruption by Landlord: Notwithstanding anything to the contrary contained in the Lease, if the performance of any work by Landlord within or around the Premises is so extensive as to either prevent ingress and egress or dismpt utilities to the Premises and Tenant is forced to close its business for a period of more than two (2) consecutive days, then the rent and other charges hereunder shall abate for the period commencing on the day Tenant closes for business until the date Landlord restores such ingress and egress or utilities to the Premises. If Tenant's access or use of the Premises is materially disturbed because of casualty or condemnation, then the rent and other charges hereunder shall abate during such period as Tenant's access or use is materially disturbed.

12. Indemnification by Landlord: Landlord hereby agrees to indemnify and save Tenant harmless from all claims, actions, demands, costs and expenses, and liability whatsoever, including reasonable attorneys fees, on account of any damage or liability occasioned in whole or in part by any negligence by Landlord, its agents, contractors, servants or employees. Landlord further agrees to indemnify and save Tenant harmless from and against any and all claims, actions demands, costs and expenses whatsoever, including

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reasonable attorneys fees arising on account of any damage or liability or personal injury arising upon or in connection with any invitee's or patron's use of the Common Areas or any portion of the Shopping Center other than the Premises

13. Exclusion from Common Area Charge: Notwithstanding anything in the Lease to the contrary, in no event shall the Common Area costs of which Tenant shall be required to pay a proportionate share, include sums expended or obligations or liabilities incurred pursuant or due to or in the nature of: (i) new constmction of buildings or additions thereto within the Shopping Center or original landscaping or any completion thereof; (ii) the cost of any repair or replacement item which, by standard accounting practice, are required to be capitalized (provided however, that the cost of any such capitalized repair or replacement items incurred by Landlord in performance of its obligations under the Lease shall be amortized over the life of the repair or replacement items in accordance with the Federal Internal Revenue Code, and in accordance with generally accepted accounting practices , and the annual amortization cost shall be included in the Landlord's Common Area Costs); (iii) charges for depreciation for items other than those incurred by Landlord in performance of hs obligations in connection with the maintenance and repair of the Common Areas and amortized as aforesaid; (iv) principle, interest, or other debt service items; (v) ground or office rents; (vi) leasing commissions or other expenses associated with leasing space in the Shopping Center or enforcing the Leases of other Tenants; (vii) wages, salaries, or other benefits paid to executive or supervisory personnel of the Landlord above the level of Shopping Center Manager; (viii) costs and expenses associated with the cleanup of any hazardous waste substances required by law unless caused by Tenant; (ix) any cost or expense covered by insurance; (x) repairs, replacements or improvements made prior to the commencement date; (xi) repairs necessitated by the negligence of Landlord and which are required to cure violations of laws in effect on the commencement date; (xii) interest and amortization of indebtedness or any cost of financing or refinancing, depreciation or groimd rent; (xiii) leasing commissions or advertising expense relating specifically to the leasing of space at the center; (xiv) the costs of repairs or replacements incurred by reason of fire or other casualty or condemnation to the extent that either (A) Landlord is compensated therefor through proceeds of insurance or condemnation awards , or (B) Landlord failed to obtain insurance against such fire or casualty as required under this Lease; (xv) any amounts payable by Landlord by way of indemnity or for damages of which constitute a fine , interest, or penalty; or (xvi) any cost for a management or administrative fee in excess of fifteen percent (15%) of the Landlord's Common Area costs. Landlord shall keep separate and complete books of account covering all costs and expenses of maintaining and operating the Common Areas of the Shopping Center and preserve for at least twenty four (24) months after the close of each calendar year such books of account and all vouchers, invoices, statements, payroll records, and other papers evidencing such Common Area costs for that calendar year. Tenant and its authorized agents (including accountants and attomeys) shall have the right at any reasonable time, but no more than once per amum, upon thirty (30) days prior written notice, during normal business hours, at Landlord's home office, within twenty four (24) months after the end of each calendar year, to inspect and audit the books and other documents mentioned above for the Shopping Center evidencing such costs. Should it be determined by any such audit that any statement previously submitted by Landlord to Tenant was inaccurate, the parties shall make an adjustment to reflect Tenant's actual proportionate share of Landlord's Common Area costs for the period covered by such inaccurate statement. If Tenant's audit discloses that Landlord has overstated Tenant's

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proportionate share of Common Area costs by more than two percent (2%), for any period, then Landlord shall pay to Tenant, upon demand, the reasonable cost of such audit incurred by Tenant.

14. Landlord's Responsibility to maintain Common Areas: Landlord shall at all times maintain the Common Areas in good condition and repair, and in a clean, safe, and sanitary condition, with adequate drainage, free and clear of snow, ice, and other obstructions which would interfere with the operation of Tenant's business or the access of Tenant's customers, and shall maintain the parking areas properly paved and stripped at all times. Landlord agrees to keep the parking areas well lighted for at least one hour after the closing of the Shopping Center. Landlord shall also maintain the main lines for water, gas, sewer, wiring, and utility connections. Landlord shall additionally provide reasonable safeguards, including towing if necessary, to protect the Common Areas from improper use. Landlord's obligations under this paragraph shall be fulfilled in accordance with the highest shopping center industry standards, and shall be undertaken in such a manner as to cause the least possible interference and inconvenience to Tenant and its customers in the conduct of its business.

15. Odors: Landlord is generally familiar with the nature of Tenant's business and the permitted use to be conducted by Tenant on and within the premises. Landlord agrees that odors consistent with the ordinary conduct of the permitted use on and within the premises shall not be deemed objectionable or unusual.

16. Consent: Landlord agrees that its consent or approval required by this Lease or requested by Tenant will not be unreasonably delayed, denied, or conditioned.

17. Real Estate Taxes: Landlord represents and warrants that (i) the Premises are fully assessed without abatement or reduction in rate other than by reason of fact that the current assessment is not based on the Premises being improved to the extent contemplated by construction of the Premises and the structure in which the Premises are to be located; (ii) that the Premises are not subject to any special assessment; and (iii) that the Landlord has no knowledge of any proposed change in the Real Estate Taxes. Landlord shall pay all Taxes at the earliest possible date in order to enjoy the benefit of an early payment discount associated with any such Taxes and Tenant's liability hereunder shall be based on such amount. The imposition of taxes and assessments under any section of this Lease shall, under no circumstances, include any interest, penalties, fees, charges or assessments resulting from the failure of Landlord to pay said Taxes and/or assessments when the same become due or any estate, personal property, inheritance, succession, gift transfer, franchise, corporate, net income, profit tax or capital levy that may be imposed upon Landlord, or any expense or cost of any appeal in excess of the reduction in taxes resulting from such appeal. With respect to any special assessments for the land or improvements in which the Premises are contained, that are, according to generally accepted accounting principals, amortizable over a period greater than the term of the Lease, Tenant's share of such special assessment shall be for the reasonable portion of such assessments allocable to the period of Tenant's tenancy hereunder. Tenant reserves the right upon written notice to Landlord to audit Landlord's records pertaining to Real Estate Taxes of the Shopping Center at Landlord's office. If such audit reveals a discrepancy, which resulted in overpayment by Tenant, then Landlord shall immediately refund Tenant such overpayment along with the reasonable cost of such audit.

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18. Subordination, Attornment: Tenant shall, in the event any proceedings are brought for the foreclosure of, or on the event of exercise of the power of sale under any mortgage made by Landlord covering the Premises, attom to the purchaser upon any such foreclosure or sale and recognize such purchaser as Landlord under this Lease provided such purchaser agrees that so long as Tenant is not in Defauh of this Lease the rights of Tenant under this Lease shall not be disturbed or terminated. Upon request of Landlord, tenant will subordinate its interest under this Lease to any security or encumbrance to be placed upon the real property of which the Premises are a part, and to all advances made or hereafter to be made upon the security thereof, provided that the secured party or mortgagee agrees that so long as Tenant is not in Default of this Lease the rights of Tenant under this Lease shall not be disturbed or terminated.

19. Attomeys Fees: In the event any party hereto finds it necessary to employ legal counsel to bring an action at law or other proceedings against any other party to enforce any of the terms, obligations, covenants or conditions hereof, the party prevailing in any such action or other proceedings shall be paid all reasonable attomeys' fees and related costs by the other party, and in the event that any judgment is secure by such prevailing party, all such attorneys' fees shall be included in such judgment in such action or proceedings.

20. Arbitration: All disputes and controversies of every kind and nature between the parties hereto arising out of or in connection with this Lease or any amendment attached hereto as to the existence, constmction, validity, interpretation or meaning, performance, non-performance, enforcement, operation, breach, continuance, or termination thereof shall be submitted for arbitration. Either Landlord or Tenant may demand such arbitration in writing within ten (10) days after the controversy arises, such notice containing a statement of the controversy. Within five (5) days after such demand if the parties have not agreed upon the arbitrator to hear such controversy, such person shall be named by the person in charge of the _____ office of the American Arbitration Association, or, lacking such office, the _____ office of the American Arbitration Association. The arbitration shall be conducted in the city of _____ in accordance with the mles of such Association. The fees of such Association shall be equally bome by the parties. Each party shall bear their own costs and expenses. The arbitration hearing shall be held within the latter of seven (7) days after the appointment of the arbitrator or the soonest date available to the arbitrator. All awards of the arbitration shall be final and non-appealable except as otherwise provided in the United States Arbitration Act (9 U.S.C.§ 1 et sec.) The forgoing provision shall not preclude either party from bringing an action in any court of competent jurisdiction for injunctive relief as necessary or appropriate.

21. Mitigation of Tenant's Liabilities: In the event of Tenant's defauh and Landlord's termination of either the Lease or Tenant's right of possession hereunder, or both, as the case may be, Landlord will use its best efforts to re-let the Premises for the account of Tenant, or otherwise, at such rentals and upon such terms and conditions as Landlord shall deem appropriate in the best interests of the Shopping Center. Tenant shall have the right in the event that Tenant's right to possession is terminated without terminating Tenant's Lease hereunder, to mitigate its damages by re-letting the Premises in accordance with the terms of this Lease and any amendments attached hereto.

22. Landlord's repairs: landlord shall be solely responsible for any and all repairs, improvements, modifications or changes of any kind whatsoever that are required to be

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made to the areas of the Shopping Center outside of the Premises as a result of the requirements contained within: (I) the Americans with Disabilities Act and the regulations promulgated thereunder (collectively referred to as the "ADA"); (ii) the Clean Air Act and the regulations promulgated thereunder; and (iii) any other federal, state, or local laws that are similar to, supplement or enhance such legislation. Landlord agrees to indemnify and hold Tenant harmless from and against all damages, penalties, costs, claims or demand that may be made or threatened against Tenant or Landlord under the ADA arising out of the condition of the area of the Shopping Center outside of the Premises. Landlord shall, at Landlord's expense, comply with all requirements of all governmental authorities having jurisdiction over the area outside of the Premises. Except for the gross negligence or willful misconduct of Tenant, Landlord shall be responsible for all repairs to the roof, exterior demising wails and foundation, sprinkler systems not directly servicing the Premises, common plumbing lines not directly servicing the Premises, and any other common mechanical, electrical, or other utility which is not the express responsibility of the Tenant as provided for in the Lease. Upon notice from Tenant, Landlord shall commence with such repairs within five (5) business days of such notice. Any failure by Landlord to undertake such repairs within fifteen (15) business days after notice from Tenant will be considered a material default of this Lease and Tenant shall the option to exercise any right or remedy allowed to Tenant at law or equity by statute or otherwise, including, without limitation, termination of the Lease from the date of such default.

23. Event signage: Landlord's consent shall not be withheld in the event that Tenant erects and displays temporary signage on the exterior of the Premises consistent with franchisor's operations manual. Such signage shall be professionally constructed and displayed for a period not to exceed three weeks on any occasion and no more than three times in any Lease Year.

24. Lease Memorandum: The parties agree that within ten (10) business days following the request by either party, that they shall execute a memorandum of Lease setting forth the Commencement Date, the unexpired term, the identity of the Premises and other such matters as shall be reasonably requested.

25. Landlord's Representation Regarding Authority: The individuals executing this Addendum and Lease on behalf of Landlord warrant that Landlord owns the Premises, that the individuals have authority to execute this Addendum and Lease and that the Addendum and Lease are fully binding upon the Landlord.

26. Disclosure to Franchisor: If Tenant is required to report sales or other information to Landlord as provided for in the Lease, then, at the written request of Franchisor, Landlord shall be required to disclose such information to Franchisor at Franchisor's notice address within ten (10) business days of such written request.

27. Addendum Prevails: This addendum made part of this Lease dated _____, by and between _____, (as Landlord), and _____, (as Tenant), for space designated as_____, (the Premises) within the Shopping Center known as _____ shall supercede and prevail any clause or condhion to the contrary contained within the Lease. In the event of a dispute between the parties, each party will look to the addendum (if it applies) for resolution of the dispute.

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28. Gross Sales Defined: Notwithstanding any language contained in Section 4.6 or elsewhere in this lease to the contrary, Tenant's Gross Sales shall be defined to mean all receipts (cash, cash equivalents, or credit) or revenues from sales from all business conducted upon or from the Premises, whether evidenced by check, cash, credit, charge account, exchange or otherwise, including but not limited to, amounts received from the sale of goods, wares, and merchandise (including sale of food, beverages and tangible property of every kind and nature, promotional or otherwise), and from all services performed from or at the Premises. Gross sales shall not be reduced by any deductions for cash shortages incurred in comection with the transaction of business with customers, credit card company charges or theft which is reimbursed by insurance or is not reported to the appropriate authorities. Each charge or sale upon installment or credh shall be treated as a sale for the full price in the week during which such charge or sale shall be first made, irrespective of the time when Tenant shall receive payment (whether full or partial) therefore.

The term "Gross Sales" shall not include (1) the sale of merchandise for which cash has been refunded or not received, or allowances made for merchandise, if the sales of any such returned or exchanged merchandise shall have previously been included in gross sales, (ii) the amount of any sales tax imposed by any federal, state municipal, or other governmental authority directly on sales and intended to be collected from customers, provided that the amount thereof is added to the selling price and actually paid by the Tenant to such governmental authority, (iii) the sale of merchandise for which a gift certificate is redeemed, provided that the initial sale of the gift certificates shall have been previously included in gross sales, (iv) the sale of waste products of the store, (v) proceeds from the sale of equipment of fixtures provided such are not routinely sold in the course of Tenant's business, (vi) any revenues generated or earned from any pay telephone and/or newsstands located in or about the Premises.

29. Notices: All notices provided for in this lease shall be concurrently sent to Franchisor at the following address: Atlanta Bread Company International, Inc., 1200 Wilson Way Suite 100, Smyrna, GA 30082 Attn: Real Estate Department, or such other address as notified by Franchisor in writing to Landlord. Notwithstanding anything contained in the lease to the contrary, notice will be sent via certified mail and will be effective on its receipt or refusal

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In witness whereof, the parties hereto have duly executed this instrument, individually or through their authorized officers, agents, or attorney-in-fact, as the case may be or required, causing their respective seals to be affixed hereto this _____ day of _____ in the year _____.

Witness: _____

Landlord: _____

_____

By: _____

Its: _____

Attest: _____

Witness: _____

Tenant: _____

_____

By: _____

Its: _____

Attest: _____

Witness: _____

Franchisor: _____

_____

By: _____

Its: _____

Attest: _____

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EXHIBIT H

BAKERY CAFÉ OPENING DATE ADDENDUM

This Addendum is made this __ day of _____, 20___, by and between Atlanta Bread Company International, Inc. (the "Franchisor") and _____ (the "Franchisee").

WHEREAS, Franchisor and Franchisee desire to amend the Franchise Agreement dated _____, 20__ (the "Franchise Agreement"), between Franchisor and Franchisee for an Atlanta Bread Company franchise located at _____, to acknowledge the specific opening date of the Bakery Café.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. The Selected Term Summary "BAKERY CAFÉ OPENING DATE" section of the Franchise Agreement is hereby replaced by the following:

BAKERY CAFE OPENING DATE: _____.

2. All other terms and conditions of the Franchise Agreement shall remain in full force and effect except as modified or supplemented by this Addendum.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Addendum to the Franchise Agreement on the day and year first written above.

ATTEST:

ATLANTA BREAD COMPANY
INTERNATIONAL, INC.
FRANCHISOR

By: _____
Print Name: _____

By: _____
Print Name: _____

WITNESS:

_____
FRANCHISEE

By: _____
Print Name: _____

By: _____
Print Name: _____

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EXHIBIT I

STATE ADDENDA TO FRANCHISE AGREEMENT

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STATE OF ILLINOIS
ADDENDUM TO FRANCHISE AGREEMENT

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, Ill. Comp. Stat., Chapter 815, §§ 705/1 through 705/44 (the "Act"), the parties to the attached ATLANTA BREAD COMPANY INTERNATIONAL, INC. FRANCHISE AND LICENSE AGREEMENT (the "Agreement") agree as follows:

1. Sections 11.3(f) of the Agreement contains a provision requiring a general release as a condition of transfer of the franchise. Such release will exclude claims arising under the Act.

2. The provisions of this Agreement concerning governing law, jurisdiction and venue shall not constitute a waiver of any right conferred on Franchisee by the Act and shall be modified as follows:

   A. Section 32.1 of the Agreement contains a provision requiring that the Agreement be governed by Georgia law. The parties agree that, to the extent that such laws conflict with the Illinois Franchise Disclosure Act, the Act will control.

   B. Section 32.3 of the Agreement contains a provision requiring that certain litigation may be instituted in a court within the state of Georgia. The parties agree that jurisdiction and venue for all litigation claims brought under the Agreement and the Illinois Franchise Disclosure Act will be in the State of Illinois.

3. The provisions of sections 1.8, 29.1, 29.2 and 29.3 of the Agreement, as they relate to non-renewal and termination, are applicable to the extent they are not inconsistent with the Act. In the event of any inconsistency, the Act will control.

4. Franchisor and Franchisee acknowledge, and reference is hereby made to, Section 705/41 of the Act, which provides as follows:

   Sec. 41. Waivers Void. Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void. This Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

5. Franchisor and Franchisee acknowledge, and reference is hereby made to, Section 705/27 of the Act, which provides as follows:

   Sec. 27. Periods of Limitation. No action shall be maintained under Section 26 of this Act to enforce any liability created by this Act unless brought before the expiration of 3 years after the act or transaction constituting the violation upon which it is based, the expiration of one year after the franchisee becomes aware of facts or circumstances reasonably indicating that he may have a claim for relief in

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respect to conduct govemed by this Act, or 90 days after delivery to the franchisee of a written notice disclosing the violation, whichever shall first expire. No cause of action barred under existing law on the effective date of this Act shall be revived by this Act. Every cause of action under this Act survives the death of any person who might have been a plaintiff or defendant.

6. Each provision of this Addendum shall be effective only to the extent, with respect to each such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this Addendum.

7. Except as otherwise provided in this Addendum, all the other terms, covenants and agreements in the Agreement shall remain the same, and the Agreement, as amended, shall continue in full force and effect. To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Attachments thereto, the terms of this Addendum shall govem.

IN WITNESS WHEREOF, Franchisor and Franchisee have executed this Addendum as of the date of the Agreement.

ATTEST:

ATLANTA BREAD COMPANY INTERNATIONAL, INC.

Franchisor

By:_____

By:_____

ATTEST:

_____
Franchisee

By:_____
Print Name:_____
Thle:_____

By:_____
Print Name:_____
Title:_____

WITNESS:

By:_____
Print Name:_____

By:_____
Print Name:_____

By:_____
Print Name:_____

Franchisee Address:

_____
_____
_____

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STATE OF INDIANA
ADDENDUM TO FRANCHISE AGREEMENT

In recognition of the requirements of the Indiana Deceptive Franchise Practices Law, Indiana Code §§ 23-2-2.7-1 through 23-2-2.7-10, and the Indiana Franchise Disclosure Law, Indiana Code §§ 23-2-2-2.5-1 through 23-2-2-2.5-51, the parties to the attached ATLANTA BREAD COMPANY INTERNATIONAL, INC. FRANCHISE AND LICENSE AGREEMENT (the "Agreement") agree as follows:

1. If any of the provisions of the Agreement conceming termination and non-renewal, goveming law, venue, modification, covenants not to compete or any limitations period on the time in which claims may be brought are inconsistent with either the Indiana Deceptive Franchise Practices Law or the Indiana Franchise Disclosure Law, then such laws will apply to the extent inconsistent with the terms of the Agreement.

2. Section 11.3(f) of the Agreement contains a provision requiring a general release as a condition to transfer of the franchise. Such provision is inapplicable to the extent inconsistent with the Indiana Deceptive Franchise Practices Law, IC § 23-2-2.7-1(5).

3. No representation or acknowledgment by the Franchisee in the Agreement is intended to or shall act as a release, assignment, novation, waiver or estoppel to deprive the Franchisee of the rights and protections provided in the Indiana Franchise Disclosure Law or to relieve any person of any liability under the Indiana Deceptive Franchise Practices Law.

4. Each of the provisions of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Act are met independently without reference to this Addendum.

5. Except as otherwise provided in this Addendum, all the other terms, covenants and agreements in the Agreement shall remain the same, and the Agreement, as amended, shall continue in full force and effect. To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Attachments thereto, the terms of this Addendum shall govem.

[Signature Page Follows]

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IN WITNESS WHEREOF, Franchisor and Franchisee have executed this Addendum as of the date of the Agreement.

ATTEST:

ATLANTA BREAD COMPANY INTERNATIONAL, INC.

Franchisor

By:_____

By:_____

ATTEST:

_____
Franchisee

By:_____
Print Name:_____
Title:_____

By:_____
Print Name:_____
Title:_____

WITNESS:

By:_____
Print Name:_____

By:_____
Print Name:_____

By:_____
Print Name:_____

Franchisee Address:

_____
_____
_____

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STATE OF MARYLAND
ADDENDUM TO FRANCHISE AGREEMENT

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§ 14-201 through 14-233, the parties to the attached ATLANTA BREAD COMPANY INTERNATIONAL, INC. FRANCHISE AND LICENSE AGREEMENT (the "Agreement") agree as follows:

1. The general release language required as a condition of sale and/or assignment or transfer shall apply except for claims arising under the Maryland Franchise Registration and Disclosure Law. A copy of the form of general release required by Section 11.3(f) is attached hereto as Schedule A.

2. Although under certain circumstances the Agreement requires Franchisee to submit to a court proceeding in the State of Georgia in the judicial district in which Franchisor has its principal place of business, Franchisor agrees that litigation claims brought under the Maryland Franchise Registration and Disclosure Law may be brought in the State of Maryland.

3. Any claims arising under the Maryland Franchise Registration and Disclosure Law may be brought within three (3) years after the grant of the franchise.

4. No representation or acknowledgment by the Franchisee in the Agreement is intended to or shall act as a release, assignment, novation, waiver or estoppel to relieve any person of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

5. Each provision of this Agreement will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Addendum.

6. Except as otherwise provided in this Addendum, all the other terms, covenants and agreements in the Agreement shall remain the same, and the Agreement, as amended, shall continue in full force and effect. To the extent this Addendum is inconsistent with any terms or condhions of the Agreement or the Attachments thereto, the terms of this Addendum shall govem.

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IN WITNESS WHEREOF, Franchisor and Franchisee have executed this Addendum as of the date of the Agreement.

ATTEST:

ATLANTA BREAD COMPANY INTERNATIONAL, INC.

Franchisor

By:_____

By:_____

ATTEST:

_____
Franchisee

By:_____
Print Name:_____
Title:_____

By:_____
Print Name:_____
Title:_____

WITNESS:

By:_____
Print Name:_____

By:_____
Print Name:_____

By:_____
Print Name:_____

Franchisee Address:

_____
_____
_____

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SCHEDULE A

GENERAL RELEASE

See attached.

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GENERAL RELEASE

(This is a sample and the exact terms may be different)

For and in consideration of the latest signed Franchise Agreement between _____ ("Franchisee") and Atlanta Bread Company International, Inc. ("Franchisor"), the undersigned, jointly and severally, and each of their respective heirs, dependents, executors, officers, directors, members, owners, employees, administrators, successors, assigns, agents, representatives, predecessor-, successor-, affiliated-, subsidiary-, and parent-corporations or entities, as the case may be (the "Releasing Parties"), unconditionally and without reservation, hereby release, acquit, and forever discharge Franchisor and each of its past, present, and future parents, subsidiaries, affiliates, and successors in interest, and each of their respective managers, members, shareholders, directors, officers, agents, servants, employees and all other persons acting by, through, under or in concert with any of them and whether specifically mentioned herein or not (the "Released Parties"), from any and all manner of claims, counterclaims, cross-claims, actions, causes of action, rights, disputes, controversies, judgments, debts, agreements, contracts, performance bonds, payment bonds, demands, obligations, duties, suits, expenses, assessments, penalties, charges, injuries, losses, costs (including, without limitation, attorneys' fees and costs incurred), damages (including, without limitation, compensatory, consequential, statutory, or punitive damages), sanctions, and liabilities of every kind, character and manner whatsoever, in law or in equity, administrative or judicial, contract, tort, statute or otherwise (collectively, "Claims"), which the Releasing Parties ever had, now have, or ever may have in the future against the Released Parties, whether now known or unknown, accrued or unaccrued, asserted or unasserted, anticipated or unanticipated, for, upon, or by reason of any matter, cause or thing whatsoever from the beginning of the World to the date of this Release. This Release is not intended as a waiver of those rights of the undersigned which cannot be waived under applicable state franchise laws nor is it intended to release any Released Party from any liability imposed by the Maryland Registration and Disclosure Law. This Release shall be governed and construed in accordance with in accordance with the laws of the State of Georgia without regard to its conflict of law provisions.

The undersigned acknowledges there is a risk that, after the date hereof, the undersigned will discover, incur, or suffer Claims which are unknown or unanticipated at the time of execution of this Release that which, if known by the undersigned on the date hereof, may have materially affected the undersigned's decision to execute this Release. Nevertheless, the undersigned agrees that the undersigned intends to assume, and is assuming, the risk of such unknown or unanticipated Claims, and that the Releasing Parties' release of the Released Parties set forth in this Release shall apply to any and all such Claims. Neither the undersigned nor any other Releasing Party has assigned, transferred or purported to assign or transfer to any other person or entity any of the Claims or any portion thereof or interest therein and agrees to indemnify, defend and hold the Released Parties harmless from and against any and all Claims based on or arising out of any such assignment or transfer or purported assignment or transfer.

Each of the undersigned represents and warrants that they intend to be legally bound by this Release, that the execution of this Release is free and voluntary, that no inducements, threats, presentations, or influences of any kind were made or exerted by or on behalf of Franchisor, and that, prior to the execution hereof, the undersigned was given the opportunity, if desired, to consult with counsel. This Release shall be binding upon the undersigned and the other Releasing Parties and their respective heirs, executors, administrators, legal representatives, successors and assigns.

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It is the express intention of the undersigned and Franchisor that this Release be as broad as permitted by law.

IN WITNESS WHEREOF, the undersigned have duly executed and delivered this Release as of this _____ day of _____, 20__.

WITNESS:

By:_____ _____
By:_____
Print:_____
Its:_____

By:_____ By: _____
Print: _____
Individually

By:_____ By: _____
Print: _____
Individually

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STATE OF MINNESOTA
ADDENDUM TO FRANCHISE AGREEMENT

Pursuant to the requirements of Minnesota Statutes Section 80C.21 and Minnesota Rule 23640.4400, this Addendum to the attached ATLANTA BREAD COMPANY INTERNATIONAL, INC. FRANCHISE AND LICENSE AGREEMENT (the "Agreement") is made and entered into by Franchisor and Franchisee.

1. This Addendum is made a part of the Agreement to which it is attached.

2. Notwithstanding any provision in the Agreement to the contrary and only to the extent required by applicable law, in accordance with the provisions of Minnesota Statutes Section 80C.21 and Minnesota Rule 2860.4400(J), Franchisor does not require litigation relating to the Agreement to be conducted outside of the State of Minnesota, does not require the Franchisee to waive its right to a jury trial, and does not require the Franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, notwithstanding any provision in the Agreement to the contrary and only to the extent required by applicable law, nothing in the Agreement or this Amendment can abrogate or reduce any of the Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or Franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

3. Notwithstanding any provision in the Agreement to the contrary and only to the extent required by applicable law, in conformity with Minnesota Statutes Section 80C.14, except in certain specified cases, Franchisee shall be given ninety (90) days notice of termination (with sixty (60) days to cure) and one hundred and eighty (180) days notice for non-renewal of the Agreement, and Franchisor will not unreasonably withhold consent to a transfer.

4. Notwithstanding any provision in the Agreement to the contrary and only to the extent required by applicable law, in conformity with Minnesota Rule 2860.4400(J), Franchisor will not require Franchisee to consent to injunctive relief or require a bond be posted in any civil action; except upon order of a court of competent jurisdiction. The parties recognize that Franchisor reserves the right to seek any injunctive relief, including the posting of a bond, to the maximum extend required by applicable law.

5. Notwithstanding any provision in the Agreement to the contrary and only to the extent required by applicable law, in conformity with Minnesota Statutes Section 80C.12, Franchisor will indemnify Franchisee from any loss, cost or expense arising out of any claim, suit or demand regarding those service marks, or other trademarks, service marks, trade names, logo types or other commercial symbols Franchisor may license you to use.

6. Notwithstanding any provision in the Agreement to the contrary and only to the extent required by applicable law, Franchisee shall not be required, as a condition precedent for the renewal of the Agreement, sale of the Franchise granted therein or the transfer or assignment of the Agreement or the Franchise, to execute an estoppel, waiver of liability or release by Franchisee relating to claims that arise under the Minnesota Statutes Sections 80C.01 through 80C.22. Further, any general release required as a condition precedent for the renewal of the Agreement, sale of the Franchise granted therein or the transfer or assignment of the Agreement

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or Franchise, shall not apply to claims that arise under Minnesota Statutes Sections 80C.01 through 80C.22.

7. Notwithstanding any provision in the Agreement to the contrary and only to the extent required by applicable law, in conformity with Minnesota Statutes 80C.17, subdivision 5, no action may be commenced pursuant to Mimesota Statutes 80C.17 more than three years after the cause of action accrues.

8. Franchisee acknowledges that registration of this franchise with the State of Mimesota does not mean that the State of Mimesota recommends it or has verified the information in this Disclosure Document.

9. For all purposes of this Addendum, unless otherwise expressly provided in this Addendum or unless the context in which such term is used indicates a contrary intent, the capitalized terms not otherwise defined herein shall have the respective meanings ascribed to such terms in the Agreement.

10. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Mimesota Franchises Law (Minnesota Statutes, Chapter 80C, Sections 80C.01 through 80C.22) are met independently without reference to this Addendum.

11. Except as otherwise provided in this Addendum, all the other terms, covenants and agreements in the Agreement shall remain the same, and the Agreement, as amended, shall continue in full force and effect. To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Attachments thereto, the terms of this Addendum shall govem.

[Signature Page Follows]

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IN WITNESS WHEREOF, Franchisor and Franchisee have executed this Addendum as of the date of the Agreement.

ATTEST:

ATLANTA BREAD COMPANY INTERNATIONAL, INC.

Franchisor

By:_____

By: _____

ATTEST:

Franchisee

By:_____

Print Name: _____

Title:_____

By:_____

Print Name:_____

Title: _____

WITNESS:

By:_____

Print Name:_____

By:_____

Print Name: _____

Franchisee Address: _____

_____

_____

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STATE OF NEW YORK
ADDENDUM TO FRANCHISE AGREEMENT

In recognition of the requirements of the New York General Business Law, Article 33, the parties to the attached ATLANTA BREAD COMPANY INTERNATIONAL, INC. FRANCHISE AND LICENSE AGREEMENT (the "Agreement") agree as follows:

1. Section 11.1 of the Agreement shall be supplemented with the following paragraph:

No assignment shall be made except to an assignee, who, in the good faith judgment of Franchisor, is willing and possesses the economic resources to fulfill Franchisor's obligations under such Agreement.

2. Section 31.2 of the Agreement shall be supplemented with the following:

However, Franchisee shall not be required to indemnify Franchisor for any claims arising out of a breach of the Agreement by Franchisor or other civil wrongs of the Franchisor.

3. Section 32.1 of the Agreement shall be deleted in its entirety and shall have no force or effect and the following shall be substituted in lieu thereof:

This Agreement takes effect upon its acceptance and execution by Franchisor, and shall be interpreted and construed under the laws of the State of Georgia, which laws shall prevail in the event of any conflict of law; provided, however, that if any provision of this Agreement would not be enforceable under the laws of Georgia and if the Franchise is located outside of Georgia, and further, if such provision would be enforceable under the laws of the state in which the Franchise is located, then such provision shall be interpreted and construed under the laws of that state. The foregoing choice of law should not be considered a waiver of any right conferred upon Franchisee by the General Business Law of New York State, Article 33.

4. Section 11.3(f) of the Agreement contains a provision requiring a general release as a condition of transfer of the franchise. Such release will exclude claims arising under the General Business Law of New York State, Article 33, Sections 680 through 695, and the regulations issued thereunder.

5. No representation or acknowledgment by the Franchisee in the Agreement is intended to or shall act as a release, assignment, novation, waiver or estoppel which would relieve a person from any duty or liability imposed by Article 33, Sections 680 through 695, of the General Business Law of the State of New York and the regulations issued thereunder.

6. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the New York General Business Law, Article 33, are met independently without reference to this Addendum.

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7. Except as otherwise provided in this Addendum, all the other terms, covenants and agreements in the Agreement shall remain the same, and the Agreement, as amended, shall continue in full force and effect. To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Attachments thereto, the terms of this Addendum shall govern.

[Signature Page Follows]

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IN WITNESS WHEREOF, Franchisor and Franchisee have executed this Addendum as of the date of the Agreement.

ATTEST:

ATLANTA BREAD COMPANY INTERNATIONAL, INC.

Franchisor

By:_____

By: _____

ATTEST:

Franchisee

By:_____

Print Name: _____

Tide:_____

By:_____

Print Name:_____

Title: _____

WITNESS:

By:_____

Print Name:_____

By:_____

Print Name: _____

Franchisee Address: _____

_____

_____

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STATE OF RHODE ISLAND
ADDENDUM TO FRANCHISE AGREEMENT

In recognition of the requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, the parties to the attached ATLANTA BREAD COMPANY INTERNATIONAL, INC. FRANCHISE AND LICENSE AGREEMENT (the "Agreement") agree as follows:

1. Section 11.3(f) of the Agreement contains a provision requiring a general release as a condition of renewal and transfer of the franchise. Such release will exclude claims arising under the Rhode Island Franchise Investment Act.

2. § 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "a provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act." To the extent that the provisions of Sections 32.1 and 32.3 conflict with the Rhode Island Franchise Investment Act, such provisions are void under § 19-28.1-14.

3. Section 19-28.1-15 of the Rhode Island Franchise Investment Act provides that "a condition, stipulation or provision requiring a franchisee to waive compliance with or relieving a person of a duty of liability imposed by or a right provided by this Act or a rule or order under this Act is void. An acknowledgement provision, disclaimer or integration clause or a provision having a similar effect in a franchise agreement does not negate or act to remove from judicial review any statement, misrepresentations or action that would violate this Act or a rule or order under this Act." If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act, such release shall exclude claims arising under the Rhode Island Franchise Investment Act, and such acknowledgments shall be void with respect to claims under the Act.

4. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently without reference to this Addendum.

5. Except as otherwise provided in this Addendum, all the other terms, covenants and agreements in the Agreement shall remain the same, and the Agreement, as amended, shall continue in full force and effect. To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Attachments thereto, the terms of this Addendum shall govem.

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IN WITNESS WHEREOF, Franchisor and Franchisee have executed this Addendum as of the date of the Agreement.

ATTEST:

ATLANTA BREAD COMPANY INTERNATIONAL, INC.

Franchisor

By:_____

By: _____

ATTEST:

Franchisee

By:_____

By:_____

Print Name: _____

Print Name:_____

Title:_____

Title: _____

WITNESS:

By:_____

By:_____

Print Name:_____

Print Name: _____

By: _____

Print Name: _____

Franchisee Address: _____

_____

_____

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EXHIBIT C

MULTI-UNIT DEVELOPMENT AGREEMENT

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MULTI-UNIT DEVELOPMENT AGREEMENT

between

ATLANTA BREAD COMPANY INTERNATIONAL, INC.

and

DEVELOPER

_____

Individual & Entity Name

_____

Entity Address

_____

City – State – Zip

_____

Telephone – Fax – Email

DATE OF MULTI-UNIT DEVELOPMENT AGREEMENT

_____

Information verified true and correct:

_____

Agreement Date

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EXHIBITS

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ATLANTA BREAD COMPANY INTERNATIONAL, INC.

MULTI-UNIT DEVELOPMENT AGREEMENT

This Multi-Unit Development Agreement ("Agreement"), is made this _____ day of _____, 2_____ in Smyrna, Georgia, by and between ATLANTA BREAD COMPANY INTERNATIONAL, INC., a Georgia corporation with its principal office at 1955 Lake Park Drive, Suite 400, Smyrna, Georgia, 30080, and _____, an individual/corporation/partnership, with his/her/its residence/office at _____("Developer").

WHEREAS, Atlanta Bread Company International, Inc. ("ABC") has developed and owns a unique and comprehensive system (the "System") of establishing, developing and operating Bakery Cafés identified by the mark "Atlanta Bread Company" and other marks (the "Marks"), and is a Franchisor of ATLANTA BREAD COMPANY Bakery Cafés, which are upscale bakery café restaurants featuring breads, sandwiches, pastries, bagels, salads, soups, deserts and other food items; and

WHEREAS, Developer desires the rights to develop ABC Bakery Cafés within the geographic area specified in this Multi-Store Development Agreement, for the limited term of this Agreement; and

WHEREAS, ABC is willing to grant such rights in accordance with the terms and conditions of this Agreement;

NOW, THEREFORE, it is mutually agreed as follows:

1. **GRANT.** ABC hereby grants to Developer during the term of this Multi-Unit Development Agreement and subject to the conditions herein, the right to develop ABC Bakery Cafés in the limited geographical area identified and set forth in Exhibit "A" attached hereto, except for any protected area located therein as defined in any Franchise Agreement currently issued to other parties. This geographical area shall be referred to as the "Franchised Territory." This grant is personal to Developer named herein and is not transferable, assignable or otherwise subject to divestment except as may be stated herein. The operation of the Bakery Cafés developed pursuant to this Agreement will be governed by individual Franchise Agreements issued by ABC in accordance with Section 11 below. Except as otherwise provided herein, so long as Developer is in compliance with the terms and conditions of this Agreement, ABC will not Franchise others to operate, nor will it itself operate traditional ABC Bakery Cafés in the Franchised Territory during the term of this Agreement. This grant and the designation of a "Franchised Territory" shall not prohibit ABC from opening or operating on its account or Franchising others to own or operate non-traditional ABC Bakery Cafés (such as schools, airports, hospitals, grocery bakery cafes, wholesale clubs and the like) in the "Franchised Territory," open or franchise other competing or non-competing concepts in the "Franchised Territory," or prohibit ABC from selling it's exclusive product or blends through other methods of distribution such as grocery chains, independent outlets or by any other means, in the "Franchised Territory."

2. **TERM.** Unless earlier terminated pursuant to Section 13, this Agreement shall expire on the _____ day of _____, 20___ or upon the execution by ABC of the Franchise Agreement for the last Store specified in Exhibit "B" (the "Development Schedule'), whichever first occurs. The Term of this Agreement shall not be extended under any circumstances.

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3. DEVELOPMENT FEE. Upon execution of this Agreement, Developer shall execute the Franchise and License Agreement for the first Store and shall simultaneously pay to ABC Forty Thousand ($40,000.00) Dollars as the Franchise and License Fee for the first Store to be developed in the Development Territory under this Agreement and Thirty Thousand ($30,000.00) Dollars as the Development Fee for each additional Store to be built under this Agreement. This Development Fee for the first store is fully eamed by ABC in consideration of the execution of this Agreement and the authorization for construction in the Development Territory on Developer's behalf Should Developer fail to construct and open the second or any of the subsequent Bakery Cafés authorized under this Agreement or open and develop authorized Bakery Cafés within the time frame of the Development Schedule herein, Developer will be entitled to a refund of only those development fees paid for the remaining Bakery Cafés to be opened, less Ten Thousand ($10,000.00) Dollars as reimbursement to Franchisor as administrative fees associated with this Multi-Unit Development Agreement.

4. DEVELOPMENT SCHEDULE. Developer shall open and continuously operate properly Franchised ABC Bakery Cafés in accordance with the Development Schedule set forth in Exhibit "B". The parties specifically agree to the number and opening dates in the Development Schedule attached hereto. In the event that Developer opens and continuously operates a greater number of ABC Bakery Cafés than required during any interim period of the Development Schedule, the requirements of the succeeding period(s) shall be deemed satisfied to the extent of such excess number of Bakery Cafés, up to the total number of Bakery Cafés authorized in the Development Schedule. This provision shall not be construed to allow Developer to open or operate more Bakery Cafés than the total number of Bakery Cafés authorized under the specific Development Schedule attached to this Agreement.

5. LOCATION OF BAKERY CAFÉS. Developer is responsible for locating proposed sites within the assigned Franchised Territory for each of the Bakery Cafés contemplated in the Development Schedule. During the term of this Agreement, Developer shall use its best efforts to locate suitable sites. ABC may in its discretion offer counseling and advice in site selection. In no event, however, shall ABC be obligated to loan money, guarantee leases, provide financing or otherwise become directly involved and/or obligated to Developer or to any third party with respect to such site selection or development; these activhies and undertakings are the sole and exclusive responsibility of Developer, financially and otherwise.

6. SITE ACCEPTANCE. Upon selection by Developer of a proposed site for a Store, Developer shall promptly submit to ABC specific site data, demographic and other information conceming the site, utilizing such forms as may be required by ABC. ABC shall either accept or reject such site in accordance with ABC then-current site selection policies, procedures and criteria. To be effective, any acceptance must be in writing. Developer understands and acknowledges that ABC may reject any proposed site, in which event Developer will not proceed at the rejected site, but will seek to locate an acceptable site. The acquisition in any manner of any proposed site prior to acceptance by ABC shall be at the sole risk and responsibility of Developer and shall not obligate ABC in any way to accept the site.

7. DISCLAIMER. In executing this Agreement, accepting a proposed site, giving approvals or advice or providing services or assistance in connection with this Agreement, ABC does not guarantee the suitability of an accepted site or the success of any ABC Store established at such site. ABC expressly disclaims any warranties, express or implied, with respect to the suitability of any site or the success of any Store at any accepted site. Developer understands and acknowledges that the suitability of a site and the success of any Store depends on many factors outside the control of either ABC or Developer (such as interest rates, unemployment rates, demographic trends and the general economic climate), but principally depends on Developer's efforts in the operation of the Store.

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8. LOCATION REQUIREMENTS. As a condition for accepting a proposed site, ABC may require Developer to negotiate a lease or sales contract that includes certain terms regarding duration or other specified matters. Developer understands and acknowledges that a site acceptance may be conditioned on such matters and that if Developer, or the Landlord, does not wish to, or cannot, satisfy the pertinent conditions within a reasonable time, the site will be deemed rejected.

9. CONSTRUCTION. Upon receiving acceptance for a proposed site, Developer shall proceed promptly to secure control of the accepted site and to obtain necessary zoning and building approvals and permits. ABC will provide generic blue prints for the ABC approved building, including specifications for fixtures, furnishings, signs and equipment. Developer must hire an architect and general contractor to adapt these generic plans to the accepted site and must submit proposed final working plans to ABC for acceptance within the time limits set by ABC. Developer shall not proceed with construction or remodeling until Developer has received ABC's written acceptance of the final working plans. Developer shall ensure that the building is constructed or remodeled in accordance with the final working plans and specifications designated and accepted by ABC. Developer will allow ABC to make periodic inspections and will provide such periodic progress reports as may be requested by ABC. The inspection of the site and rendering of reports shall not be construed as approval of the workmanship at the site or compliance with local building codes or regulations, by ABC. Developer alone is responsible for the supervision of construction and determination of compliance with proper federal, state and local building methods, codes and regulations.

10. TRAINING. Unless Developer already is operating at least one ABC Store, Developer, a partner of Developer if Developer is a partnership, the authorized shareholder of Developer if Developer is a corporation or the manager or member if Developer is a Limited Liability Corporation (LLC) must complete ABC Franchisee Training Program prior to the opening of the first Store set forth in the Development Schedule. In addition, if Developer is not operating any ABC Bakery Cafés prior to issuance of the Franchise Agreement for the first Store set forth in the Development Schedule, at least one (1) employee of Developer must attend and be certified as an ABC Baker prior to issuance of the authority to open the Store for the first Store under the Development Schedule. Another employee of Developer must attend and be certified as an ABC Baker prior to the opening for the second Store under the Development Schedule, and so on for each additional Store opened under this Development Agreement. ABC in its sole discretion and prior to issuance of any further Franchise Agreements for additional Bakery Cafés, may require additional employees of Developer to attend and be certified at the Managers and/or Bakers training or complete other programs operated by ABC. If Developer is an individual who intends to participate in the daily operation of the Store, or if Developer includes a partner, shareholder, manager or member who intends to participate in the daily operation of the Store, that person must attend and be certified at the Managers Training program as one of Developer's first two (2) representatives. If Developer already is operating one, but only one ABC Store, prior to opening of the first Store under the Development Schedule, two additional employees of Developer must attend and be certified at the Manager and the Bakers training programs prior to issuance of the Franchise Agreement for the first Store under the Development Schedule. If Developer already is operating two or more ABC Bakery Cafés prior to opening of the first Store under the Development Schedule, ABC in its sole discretion and prior to authorizing any store opening under the Development Schedule, may require an additional representative to attend and be certified as a manager and/or baker or complete another comparable training program approved in advance by ABC. All expenses of Developers employees while at any attendance at training shall be the sole responsibility of Developer.

11. FRANCHISE AGREEMENT. No ABC Bakery Café may be opened or operated by Developer under any circumstances until the required Development Fees and Initial Franchise Fees (as

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defined in the Franchise Agreement) have been paid and ABC and Developer (or Developer's affiliated company) have executed the Franchise Agreement for such location. All Franchise Agreements issued pursuant to this Development Agreement will contain generally the same terms and conditions as are being offered to other Franchisees similarly situated at the time of issuance, including without limitation those terms and conditions pertaining to Royalty Fees and other fees and the duration of the Franchise Agreement. As a condition of ABC's execution of such Franchise Agreements, ABC may require Developer or its principles to execute a personal guarantee, letter of credit or corporate guarantee to secure payment of Continuing Fees and other fees required to be paid under the Franchise Agreement. Developer shall comply with ABC then-current licensing policies and procedures for issuance of the Franchise Agreements. ABC shall be under no obligation to execute and issue a Franchise Agreement if Developer is in breach or defauh of any other Franchise Agreement between ABC and Developer, or if Developer is not eligible for expansion pursuant to ABC then-current criteria for expansion. In addition, ABC shall be under no obligation to execute and issue a Franchise Agreement unless Developer has complied in a timely manner with all terms and conditions of this Development Agreement and has satisfied all requirements set forth herein (including construction and training requirements) with respect to the pertinent accepted site. If and when ABC executes a Franchise Agreement, it shall thereafter govern the relations between the parties with respect to that site specific Store.

12. NO RIGHT TO OPERATE OR USE TRADEMARKS. Developer acknowledges that until a Franchise Agreement has been issued for a specified site, Developer shall not have or be entitled to exercise any of the rights, powers and privileges granted by the Franchise Agreement, including without limitation the right to use ABC trademarks, service marks, trade dress and trade names; that the execution of this Development Agreement shall not be deemed to grant any such rights, powers or privileges to Developer; and that Developer may not under any circumstances commence operation of any ABC Store prior to execution by ABC of a Franchise Agreement for a site specific location.

13. TERMINATION. This Agreement shall terminate immediately and without notice to either party upon:

(a) the death of Developer, if Developer is an individual; or

(b) the commencement of any proceedings by or against Developer under the Bankruptcy Act, under any Chapter thereof or amendment thereto, or under any other insolvency act, whether federal or state; the appointment of any trustee or receiver for the business or property of Developer; or any assignment by Developer for the benefit of creditors.

ABC shall have the right at its election to terminate this Agreement immediately upon notice to Developer, upon the occurrence of any of the following:

(a) failure to strictly comply with the Development Schedule attached to this Development Agreement;

(b) the attempted assignment of this Agreement without the prior written approval of ABC;

(c) if Developer is a corporation or a partnership, the transfer of any of the capital stock or partnership interest of such corporation or partnership during the term of this Agreement without the prior written approval of ABC;

(d) the discovery by ABC of any material misrepresentation in any of the information or documents submitted to ABC by or on behalf of Developer;

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(e) any violation by Developer of any federal, state, county or municipal law, rule or ordinance relating to the construction or operation of any Store developed under this Agreement, deviation from the plans and specifications approved for Developer's specific site or any violation of the specific provisions of this Agreement; or

(f) the termination by ABC of any Franchise Agreement or other agreement between ABC and Developer or Developer's failure to cure a default under this or any other agreement between ABC and Developer within the time specified by the agreement in default.

For purposes of Sections 11 and 13 herein, any Franchise Agreements issued to Developer, any affiliated company of Developer or any corporation, partnership, LLC or joint venture (or their affiliates) in which Developer or any stockholder, partner, manager, member or joint venture of Developer, directly or indirectly, has any interest of ownership or participation, regardless of location, shall be deemed an agreement between ABC and Developer.

14. EFFECT OF EXPIRATION OR TERMINATION. Upon expiration of this Agreement, completion of the last Store authorized under this Development Agreement, or upon termination for any reason, the rights granted to Developer pursuant to this Development Agreement shall be immediately extinguished. Unless the parties have executed a new Development Agreement, ABC thereafter shall have the right to open or operate or permit others to open or operate ABC Bakery Cafés within the Franchised Territory, except as limited by the protected area provisions of any then effective Franchise Agreements.

15. CONFIDENTIALITY.

a. Developer (and if a corporation or partnership, its shareholders, directors, and officers or partners, as individuals (collectively "Principals")) acknowledge and agree that: (i) over the term of this Agreement Developer will receive Confidential Information and Trade Secrets, as defined below, which ABC has developed and refined over significant time at great expense, including but not limited to information specified in ABC's manuals and regarding the System; (ii) the Confidential Information and Trade Secrets, including information contained in the manuals, is not generally known in the industry and is beyond their own present skills and experience, and to develop it themselves would be expensive, time consuming, and difficult; and (iii) the Confidential Information and Trade Secrets provides a competitive advantage and will be valuable in the development and operation of Bakery Cafés, and gaining access to it is a primary reason for entering into this Agreement. Developer and its Principals further acknowledge and agree that the provisions of Sections 15 and 16 of the Agreement help protect the legitimate business interests of ABC and its developers and franchisees, including but not limited to the interests in (i) protecting and preserving the confidentiality of the Confidential Information and Trade Secrets developed by ABC and licensed for use by franchisees of the System and ensuring that such Confidential Information and Trade Secrets are used only in connection with the development and operation of ATLANTA BREAD COMPANY Bakery Cafés; (ii) promoting and preserving the loyalty of and avoiding conflicts of interest on the part of Developer and its Principals during the term of the Agreement, and of other developers and franchisees and their principals during the terms of their development and franchise agreements; (iii) preserving expansion opportunities for ABC and its developers and franchisees to locate additional ATLANTA BREAD COMPANY Bakery Cafés during the term of this Agreement and of other franchisee's franchise agreements; and (iv) preserving expansion or replacement opportunities for ABC and its developers and franchisees to locate additional ATLANTA BREAD COMPANY Bakery Cafés in the proximity of an ATLANTA BREAD COMPANY Bakery Café, after it closes due to termination or expiration of a franchise agreement.

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b. Additional Definitions.

i. Confidential Information and Trade Secrets.

1. "Confidential Information" means data or information which is either: (1) marked "Confidenfial" or with some similar designation; or (2) related to ABC's business, disclosed to Developer as a consequence of this Agreement, valuable to ABC, its subsidiaries or affiliates, and not generally known to the competitors of ABC. Confidential Information includes, but is not limited to, Trade Secrets.

2. "Trade Secret" means data or information, without regard to form, including but not limited to technical or non-technical data, a formula, a pattern, a compilation, a program, a device, a method, a technique, a drawing, a process, financial data, financial plans, product plans, or a list of actual or potential customers or suppliers, that: (1) is not commonly known by or available to the public; (2) derives independent economic value, actual or potenfial, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (3) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

3. The Developer and its Principals specifically agree that ABC's Confidential Information and/or Trade Secrets include, without limitation, the following: ABC's manuals; non-public aspects of methods, techniques, specifications, procedures, information, systems, knowledge and experience involved in the site selection, development, design, construcfion, layout, licensing, and operation of ATLANTA BREAD COMPANY Bakery Cafés, whether contained in the manuals, training materials or otherwise; recipes, menu analyses, and non-public methods, procedures, and techniques for preparing products offered in ATLANTA BREAD COMPANY Bakery Cafés; and identities of suppliers of food, ingredients, equipment and other items required and/or used by ATLANTA BREAD COMPANY Bakery Cafés.

4. Notwithstanding any other provision of this Agreement, Confidential Information and Trade Secrets do not include data, information, processes, or techniques: (1) which have been volimtarily disclosed to the public by ABC, except where such disclosure has been made by an employee or franchisee of ABC without authorization from ABC; (2) which has been independently developed and disclosed by others, other than through disclosure in violation of this Agreement or other confidentiality agreements; or (3) which has otherwise entered the public domain through lawful means.

ii. "Competitive Business" means any restaurant or food serving business that derives fifty percent (50%) or more of its gross revenues from the retail sale of soups, salads, sandwiches, bakery products and/or pastries (including, but not limited to, food items such as hot breakfast sandwiches, deli sandwiches, paninis, muffins, breads, pastries and other baked goods). A Competitive Business shall not include any other ATLANTA BREAD COMPANY Bakery Café owned by a franchisee and operated pursuant to a Franchise Agreement with ABC.

iii. "Competitive Position" means, with respect to any Competitive Business, either directly or indirectiy through a surrogate who is essentially acting for a Prohibited Person

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or Entity: (a) being an owner, shareholder, partner or limited liability company member; (b) serving as an operator, manager or management consultant; (c) lending money in any way to or guaranteeing the obligations of; or (d) serving as an officer, director or management level employee (including, without limitation, baker, restaurant manager, purchasing manager, or catering manager).

c. Developer and its Principals agree that the Confidential Information and Trade Secrets are owned solely and exclusively by ABC. Developer will not acquire any interest in the Confidential Information and Trade Secrets, other than the right to use them in the development and operation of ATLANTA BREAD COMPANY Bakery Cafés during the term of the Agreement and of any associated Franchise Agreements.

d. The Developer and its Principals acknowledge that any unauthorized use or disclosure of Confidential Information or Trade Secrets would constitute an unfair method of competition and could cause immediate and irreparable harm to ABC, to the System and to other ATLANTA BREAD COMPANY developers and franchisees. Accordingly, the Developer and its Principals agree that during the term of this Agreement they will not, directly or indirectly, disclose, divulge, publish or market to any person, or use in any way, any Confidential Information or Trade Secrets, except as required to develop Bakery Cafés and perform the Developer's obligations under this Agreement, or as ABC approves in writing. The Developer and its Principals agree that these restrictions on the disclosure of Confidential Information and Trade Secrets will remain in effect following termination or expiration of the Agreement until any particular information at issue no longer constitutes Confidential Information or a Trade Secret.

e. The Developer and its Principals may not make any unauthorized copies of any portion of the Confidential Information or Trade Secrets and must adopt and implement all procedures ABC prescribes from time to time to help prevent unauthorized use or disclosure of the Confidential Information and Trade Secrets.

f Upon expiration or termination of this Agreement for any reason, Developer shall immediately stop using and return any copies of ABC manuals and any other documents containing Confidential Information and Trade Secrets, and shall take appropriate steps to permanently delete and render unusable any Confidential Information and Trade Secrets stored electronically and certify same to ABC in writing.

16. LIMITATIONS ON COMPETITION.

a. During Term of Agreement. Developer acknowledges and agrees that limhing Developer and its affiliates and Principals from involvement in a Competitive Business during the term of this Agreement serves to promote or protect the purpose or subject matter of the Agreement and the relationship between ABC and Developer, to promote loyalty and deter potential conflicts of interest on the part of the Developer and its Principals, to preserve expansion opportunities for ABC and its developers and franchisees, and to promote or protect the System, ABC and other ATLANTA BREAD COMPANY developers and franchisees. Accordingly, in addition to Developer's other agreements, duties, representations, warranties and covenants set forth in this Agreement, and as a material inducement for ABC to enter into this Agreement and provide the rights and privileges granted herein, Developer hereby represents,

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warrants, covenants and agrees that during the term of the Agreement, neither Developer, its affiliates nor any Principal (for so long as such Principal owns any interest in Developer) shall accept, have, hold, take or perform a Competitive Position with or for a Competitive Business located within the geographical area identified and set forth in Exhibit "A," or within a five (5) mile radius from any ATLANTA BREAD COMPANY Bakery Café, unless they obtain the prior written consent of ABC.

b. Post-Term Competition. In addition to Developer's other agreements, duties, representations, warranties and covenants set forth in this Agreement, and as a material inducement for ABC to enter into this Agreement and provide the rights and privileges granted herein, and in order to promote and protect the System, ABC and all other ATLANTA BREAD COMPANY developers and franchisees, Developer hereby represents, warrants, covenants and agrees that for three (3) years following the termination or expiration of this Agreement for any reason, neither Developer, its affiliates, nor any Principal who held an interest in Developer at any time within six months prior to the termination or expiration of the Agreement, shall accept, have, hold, take or perform a Competitive Position with or for a Competitive Business located within the geographic area identified and set forth in Exhibit "A" or within the geographic area identified and set forth in Exhibit "A" or within a five (5) mile radius of any ATLANTA BREAD COMPANY Bakery Café that is operating as of the date of termination of the Agreement.

c. Public Corporation Exception. It shall not be deemed to be a violation of the covenants in Section 16 if Developer or its affiliates or any Principal own securities of a publicly-held corporation that is listed on any stock exchange or traded on the over-the-counter market that in the aggregate represent 5% or less of the number of issued and outstanding securities of that class of securities.

17. ASSIGNMENT. This Agreement shall inure to the benefit of and be binding upon ABC, its successors and assigns. However, neither this Agreement nor any of Developer's rights hereunder shall be assignable or transferable by Developer, directly or indirectly, by operation of law or otherwise, without the prior written approval of ABC.

18. NEW DEVELOPMENT AGREEMENT. If Developer wishes to negotiate a new Development Agreement with ABC with respect to further development of ABC Bakery Cafés in the Franchised Territory, Developer must so advise ABC in writing sixty (60) days before the expiration date of this Development Agreement or sixty (60) days before the anticipated date of execution of the Franchise Agreement for the final STORE under the Development Schedule in Exhibit "B". Subject to receipt of such notice and so long as this Development Agreement is in effect and Developer is not and has not been in default under this Development Agreement or any Franchise Agreement or other agreement with ABC, ABC then will negotiate with Developer with respect to a new Development Agreement during the remainder of the term of this Development Agreement. If Developer fails to properly notify ABC of its intent to seek a new Development Agreement for Developer's current Franchised Territory or any other Territory, the areas shall be available for development by ABC or others, with no residual right of first refusal residing with Developer.

19. GOVERNING LAW AND FORUM SELECTION. This Agreement shall be governed, construed and interpreted in accordance with the laws of the State of Georgia. In the event of any dispute concerning the parties' rights or obligations under this Agreement, Developer agrees to file any suit against ABC only in the federal or state court having jurisdiction where ABC's principal office is then located.

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20. STATUTE OF LIMITATIONS. Any and all claims and actions arising out of or relating to this Agreement (including, but not limited to, the offer and acceptance of this Agreement), or the relationship of Developer and ABC, brought by any party hereto against the other, shall be commenced within one (1) year from the occurrence of the facts giving rise to such claim or action, or such claim or actions shall be barred. The terms and conditions of the pertinent Franchise Agreement shall govern claims and actions arising from the operation of that particular Store.

21. WAIVER OF DAMAGES, CLASS ACTION SUITS AND TRIAL BY JURY. Except to the extent otherwise allowed under a Franchise Agreement, Developer and ABC hereby waive to the fullest extent permitted by law any right or claim of any consequential, punitive, or exemplary damages against the other, and agree that in the event of a dispute between them each shall be limited to the recovery of any actual, non-consequential damages sustained by it. ABC and Developer hereby waive to the fullest extent permitted by law the right to bring any class action suits against ABC.

22. DEVELOPER'S ACKNOWLEDGMENTS. Developer understands and acknowledges that there are significant risks in any business venture and that the primary factor in Developer's success or failure under this agreement will be Developer's own efforts. Developer has undertaken this venture solely in reliance upon the matters set forth in the Uniform Franchise Offering Circular and/or Developer's own independent investigation of the merits of this venture. Developer also acknowledges the following:

(a) Developer has been provided with a copy of the current ABC Franchise Disclosure Document at least 14 days prior to the execution of this Agreement or payment of any consideration; and

(b) A sample copy of the Development Agreement or any other related document actually signed by Developer has been received at least seven (7) calendar days prior to the execution of the document; and

(c) Developer has had an ample and sufficient opportunity to review the Franchise Disclosure Document, Franchise Agreement and Development Agreement and has done so. ABC representatives have not made any oral or written statements or representations that are inconsistent with any statement in the Franchise Disclosure Document, or the Franchise or Development Agreements; and

(d) ABC representatives have not made any representation to Developer stating a specific level of potential sales, income or gross or net profit for Developer's potential Bakery Cafés, or stated any other facts that suggest such a level. In addition, ABC representatives have not made any representation to Developer stating a specific level of sales, income or gross or net profits of existing ABC Bakery Cafés (whether Franchised or company-owned), or stating any other facts that suggest such a level. Developer has been advised that ABC makes no representations on such matters and has been advised and encouraged to contact existing Franchisees of Developer's choice with respect to such information; and

(e) Developer will make an independent business decision with respect to the source of financing for Developer's potential Bakery Cafés and has not been required to deal with any particular financing source by any ABC representative; and

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(f) Developer will make an independent business decision with respect to the construction company to be utilized by Developer for the construction of Developer's Bakery Cafés and has not been required by ABC or any ABC representative, either explicitly or implicitly, to deal with any specific construction company. Developer understands that building design, plans, equipment, and signage must comply with ABC development and operating standards and that any lists of contractors or equipment suppliers are provided as a convenience to Developer indicating then known approved contractors and equipment suppliers.

23. **TIME OF THE ESSENCE.** The parties acknowledge that time is of the essence in the completion of each and ever covenant, term or condition of this Agreement whether requiring positive or negative performance.

24. **ENTIRE AGREEMENT.** This Development Agreement contains the entire agreement between the parties relating to the subject hereof, and shall not be modified except by a written document executed by both parties.

ABC:	DEVELOPER:
ATLANTA BREAD COMPANY INTERNATIONAL, INC.	
By: _____	By: _____
Title: _____	Title: _____
Name: _____	Name: _____
Date: _____	Date: _____
_____	_____
Witness	Witness

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EXHIBIT "A"

FRANCHISED TERRITORY

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EXHIBIT "B'

DEVELOPMENT SCHEDULE

Bakery/Café(s)	Schedule
	12 Months from 1st signed lease
	18 Months from 2nd signed lease

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EXHIBIT "C"

State Addenda to Multi-Unit Development Agreement

See attached.

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STATE OF ILLINOIS
ADDENDUM TO MULTI-UNIT DEVELOPMENT AGREEMENT

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, Ill. Comp. Stat., Chapter 815, §§ 705/1 through 705/44 (the "Act"), the parties to the attached ATLANTA BREAD COMPANY INTERNATIONAL, INC. MULTI-UNIT DEVELOPMENT AGREEMENT (the "Agreement") agree as follows:

1. The provisions of this Agreement conceming governing law, jurisdiction and venue shall not constitute a waiver of any right conferred on Developer by the Act and shall be modified as follows:

   A. Section 18 of the Agreement contains a provision requiring that the Agreement be govemed by Georgia law. The parties agree that, to the extent that such laws confiict with the Illinois Franchise Disclosure Act, the Act will control.

   B. Section 18 of the Agreement contains a provision requiring that litigation must be instituted in a court having jurisdiction where ABC principal office is then located. The parties agree that jurisdiction and venue for all litigation claims brought under the Agreement and the Illinois Franchise Disclosure Act will be in the State of Illinois.

2. Sections 2 and 13 of the Agreement as they relate to non-renewal and termination are only applicable to the extent they are not inconsistent with the Act. In the event of any inconsistency, the Act will control.

3. ABC and Developer acknowledge, and reference is hereby made to, Section 705/27 of the Act, which provides as follows as it relates to Section 19 of the Agreement:

   > Sec. 27. Periods of Limitation. No action shall be maintained under Section 26 of this Act to enforce any liability created by this Act unless brought before the expiration of 3 years after the act or transaction constituting the violation upon which it is based, the expiration of one year after the franchisee becomes aware of facts or circumstances reasonably indicating that he may have a claim for relief in respect to conduct govemed by this Act, or 90 days after delivery to the franchisee of a written notice disclosing the violation, whichever shall first expire. No cause of action barred under existing law on the effective date of this Act shall be revived by this Act. Every cause of action umder this Act survives the death of any person who might have been a plaintiff or defendant.

4. ABC and Developer acknowledge, and reference is hereby made to, Section 705/41 of the Act, which provides as follows:

   > Sec. 41. Waivers Void. Any condition, stipulation, or provision purporting to bind any person acquiring any franchisee to waive compliance with any provision of this Act or any other law of this State is void. This Section shall not prevent

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any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Thle 9 of the United States Code.

5. Each provision of this Addendum shall be effective only to the extent, with respect to each such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this Addendum.

6. Except as otherwise provided in this Addendum, all the other terms, covenants and agreements in the Agreement shall remain the same, and the Agreement, as amended, shall continue in full force and effect. To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, ABC and Developer have executed this Addendum as of the date of the Agreement.

ATTEST:

ATLANTA BREAD COMPANY INTERNATIONAL, INC.

ABC

By:_____

By:_____

ATTEST:

_____
Developer

By:_____
Print Name:_____
Title:_____

By:_____
Print Name:_____
Title:_____

WITNESS:

By:_____
Print Name:_____

By:_____
Print Name:_____

By:_____
Print Name:_____

Developer Address:

_____
_____

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STATE OF INDIANA
ADDENDUM TO MULTI-UNIT DEVELOPMENT AGREEMENT

In recognition of the requirements of the Indiana Deceptive Franchise Practices Law, Indiana Code §§ 23-2-2.7-1 through 23-2-2.7-10, and the Indiana Franchise Disclosure Law, Indiana Code §§ 23-2-2-2.5-1 through 23-2-2-2.5-51, the parties to the attached ATLANTA BREAD COMPANY INTERNATIONAL, INC. MULTI-UNIT DEVELOPMENT AGREEMENT (the "Agreement") agree as follows:

1. If any of the provisions of the Agreement conceming termination and non-renewal, goveming law, venue, moditication, covenants not to compete or any limitations period on the time in which claims may be brought are inconsistent with either the Indiana Deceptive Franchise Practices Law or the Indiana Franchise Disclosure Law, then such laws will apply to the extent inconsistent with the terms of the Agreement.

2. No representation or acknowledgment by the Developer in the Agreement is intended to or shall act as a release, assignment, novation, waiver or estoppel to deprive the Developer of the rights and protections provided in the Indiana Franchise Disclosure Law or to relieve any person of any liability under the Indiana Deceptive Franchise Practices Law.

3. Each of the provisions of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Act are met independently whhout reference to this Addendum.

4. Except as otherwise provided in this Addendum, all the other terms, covenants and agreements in the Agreement shall remain the same, and the Agreement, as amended, shall continue in full force and effect. To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Attachments thereto, the terms of this Addendum shall govern.

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IN WITNESS WHEREOF, ABC and Developer have executed this Addendum as of the date of the Agreement.

ATTEST:

ATLANTA BREAD COMPANY INTERNATIONAL, INC.

ABC

By:_____

By:_____

ATTEST:

_____
Developer

By:_____
Print Name:_____
Title:_____

By:_____
Print Name:_____
Title:_____

WITNESS:

By:_____
Print Name:_____

By:_____
Print Name:_____

By:_____
Print Name:_____

Developer Address:

_____
_____
_____

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STATE OF MARYLAND
ADDENDUM TO MULTI-UNIT DEVELOPMENT AGREEMENT

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§ 14-201 through 14-233, the parties to the attached ATLANTA BREAD COMPANY INTERNATIONAL, INC. MULTI-UNIT DEVELOPMENT AGREEMENT (the "Agreement") agree as follows:

1. Although under certain circumstances the Agreement requires Developer to submit to a court proceeding in the state where ABC's principal place of business is located, ABC agrees that litigation claims brought under the Maryland Franchise Registration and Disclosure Law may be brought in the State of Maryland.

2. Any claims arising under the Maryland Franchise Registration and Disclosure Law may be brought within three (3) years after the grant of the franchise.

3. No representation or acknowledgment by the Developer in the Agreement is intended to or shall act as a release, assignment, novation, waiver or estoppel to relieve any person of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

4. Each provision of this Agreement will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Addendum.

5. Except as otherwise provided in this Addendum, all the other terms, covenants and agreements in the Agreement shall remain the same, and the Agreement, as amended, shall continue in full force and effect. To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Attachments thereto, the terms of this Addendum shall govern.

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IN WITNESS WHEREOF, ABC and Developer have executed this Addendum as of the date of the Agreement.

ATTEST:

ATLANTA BREAD COMPANY INTERNATIONAL, INC.

ABC

By:_____

By:_____

ATTEST:

_____
Developer

By:_____
Print Name:_____
Title:_____

By:_____
Print Name:_____
Title:_____

WITNESS:

By:_____
Print Name:_____

By:_____
Print Name:_____

By:_____
Print Name:_____

Developer Address:

_____
_____
_____

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STATE OF MINNESOTA
ADDENDUM TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Addendum to the attached ATLANTA BREAD COMPANY INTERNATIONAL, INC. MULTI-UNIT DEVELOPMENT AGREEMENT (the "Agreement") is made and entered into by ABC and Developer.

1. This Addendum is made a part of the Agreement to which it is attached.

2. Section 2 of the Agreement is hereby amended by adding the following:

"With respect to franchises govemed by Minnesota law, ABC will comply with Minn. Stat. Sec. 80C.14, Subd. 4, which requires, except in certain specified cases, that a franchisee be given one hundred eighty (180) days notice for non-renewal of the franchise agreement."

3. Section 13 of the Agreement is hereby amended by adding the following:

"With respect to franchises governed by Minnesota law, ABC will comply with Minn. Stat. Sec. 80C.14, Subd. 3, which requires, except in certain specified cases, that a franchisee be given ninety (90) days notice of termination (with sixty (60) days to cure)."

4. Section 18 of the Agreement is hereby amended by adding the following:

"Pursuant to Minn. Stat. Sec. 80C.21 and Minnesota Rule 2860.4400J, this paragraph shall not in any way abrogate or reduce any rights of the Developer as provided for in Minnesota Statutes, Chapter 80C, including, but not limited to, the right to submit matters to the jurisdiction of the courts of Minnesota."

5. No representation or acknowledgment by the Developer in the Agreement is intended to or shall act as a release, assigmnent, novation or waiver that would relieve any person from liability under Minnesota Statutes 80C.01 through 80C.22.

6. The Sections in the Agreement that relate to transfer and non-competition are only applicable to the extent they are not inconsistent with Mimesota law. In the event of any inconsistency, Minnesota law will control.

7. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Mimesota Franchises Law (Minnesota Statutes, Chapter 80C, Sections 80C.01 through 80C.22) are met independently without reference to this Addendum.

8. Except as otherwise provided in this Addendum, all the other terms, covenants and agreements in the Agreement shall remain the same, and the Agreement, as amended,

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shall continue in full force and effect. To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Attachments thereto, the terms of this Addendum shall govern.

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IN WITNESS WHEREOF, ABC and Developer have executed this Addendum as of the date of the Agreement.

ATTEST:

ATLANTA BREAD COMPANY INTERNATIONAL, INC.

ABC

By:_____

By: _____

ATTEST:

_____
Developer

By:_____

Print Name: _____

Title:_____

By:_____

Print Name:_____

Title: _____

WITNESS:

By:_____

Print Name:_____

By:_____

Print Name: _____

Developer Address: _____

_____

_____

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STATE OF NEW YORK
ADDENDUM TO MULTI-UNIT DEVELOPMENT AGREEMENT

In recognifion of the requirements of the New York General Business Law, Article 33, the parties to the attached ATLANTA BREAD COMPANY INTERNATIONAL, INC. MULTI-UNIT DEVELOPMENT AGREEMENT (the "Agreement") agree as follows:

1. Section 16 of the Agreement shall be supplemented with the following paragraph:

No assignment shall be made by ABC except to an assignee, who, in the good faith judgment of ABC, is willing and possesses the economic resources to fulfill ABC's obligations under such Agreement.

2. The first sentence of Section 18 of the Agreement shall be deleted in its entirety and shall have no force or effect and the following shall be substituted in lieu thereof:

This Agreement takes effect upon its acceptance and execution by ABC, and shall be interpreted and construed under the laws of the State of Georgia, which laws shall prevail in the event of any conflict of law; provided, however, that if any provision of this Agreement would not be enforceable under the laws of Georgia and if the Franchise is located outside of Georgia, and further, if such provision would be enforceable under the laws of the state in which the Franchise is located, then such provision shall be interpreted and construed umder the laws of that state. The foregoing choice of law should not be considered a waiver of any right conferred upon Developer by the General Business Law of New York State, Article 33.

3. No representation or acknowledgment by the Developer in the Agreement is intended to or shall act as a release, assigrunent, novation, waiver or estoppel which would relieve a person from any duty or liability imposed by Article 33, Sections 680 through 695, of the General Business Law of the State of New York and the regulations issued thereunder.

4. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the New York General Business Law, Article 33, are met independently without reference to this Addendum.

5. Except as otherwise provided in this Addendum, all the other terms, covenants and agreements in the Agreement shall remain the same, and the Agreement, as amended, shall continue in full force and effect. To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Attachments thereto, the terms of this Addendum shall govern.

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IN WITNESS WHEREOF, ABC and Developer have executed this Addendum as of the date of the Agreement.

ATTEST:

ATLANTA BREAD COMPANY INTERNATIONAL, INC.

ABC

By:_____

By: _____

_____

ATTEST:

Developer

By:_____

Print Name: _____

Title:_____

By:_____

Print Name:_____

Title: _____

WITNESS:

By:_____

Print Name:_____

By:_____

Print Name: _____

Developer Address: _____

_____

_____

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STATE OF RHODE ISLAND
ADDENDUM TO MULTI-UNIT DEVELOPMENT AGREEMENT

In recognition of the requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, the parties to the attached ATLANTA BREAD COMPANY INTERNATIONAL, INC. MULTI-UNIT DEVELOPMENT AGREEMENT (the "Agreement") agree as follows:

1. § 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "a provision in a franchise agreement restricting jurisdiction or venue to a fomm outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act." To the extent that the provisions of Section 18 conflict with the Rhode Island Franchise Investment Act, such provisions are void under § 19-28.1-14.

2. Section 19-28.1-15 of the Rhode Island Franchise Investment Act provides that "a condition, stipulation or provision requiring a franchisee to waive compliance with or relieving a person of a duty of liability imposed by or a right provided by this Act or a rule or order under this Act is void. An acknowledgement provision, disclaimer or integration clause or a provision having a similar effect in a franchise agreement does not negate or act to remove from judicial review any statement, misrepresentations or action that would violate this Act or a rule or order under this Act." If the Developer is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a mle or order under the Act, such release shall exclude claims arising under the Rhode Island Franchise Investment Act, and such acknowledgments shall be void with respect to claims under the Act.

3. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently without reference to this Addendum.

4. Except as otherwise provided in this Addendum, all the other terms, covenants and agreements in the Agreement shall remain the same, and the Agreement, as amended, shall continue in full force and effect. To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Attachments thereto, the terms of this Addendum shall govem.

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IN WITNESS WHEREOF, ABC and Developer have executed this Addendum as of the date of the Agreement.

ATTEST:

ATLANTA BREAD COMPANY INTERNATIONAL, INC.

ABC

By:_____ By: _____

ATTEST:

_____
Developer

By:_____ By:_____

Print Name: _____ Print Name:_____

Title:_____ Title: _____

WITNESS:

By:_____ By:_____

Print Name:_____ Print Name: _____

By: _____

Print Name: _____

Developer Address: _____

_____

_____

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EXHIBIT D

OPERATIONS MANUAL TABLE OF CONTENTS

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Atlanta Bread Company
L.O.A.F. Manual
Module Overview

No.	Module Name	Number of Pages
1.	Introduction	9
2.	Associate Orientation	19
3.	Guest Service	10
4.	Security, Safety & Food Quality	20
5.	Service Assistant & Dish	12
6.	Product Descriptions	11
7.	Shelf Life, Packaging &Plating	15
8.	Hot Sandwich	13
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10.	Soup	10
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15.	Expanded Menu	6
16.	Preparation	39
17.	Omelet & Extended Menu Breakfast	14
18.	Pizza	16
19.	Pasta	15
20.	Register	50
21.	Bakery	15
22.	Position Four	7
23.	Management Progression	17
24.	Shift Manager	44
25.	Facility Manager	13
26.	Hospitality Manager	51
27.	Food and Beverage	17
28.	General Manager	19
29.	Train the Trainer	59
30.	Shift Manager Development	9
31.	Pan Up	8
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36.	Baking Manual	54

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EXHIBIT E

FRANCHISEE AND BAKERY/CAFE LIST

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The following table contains the names of all current franchisees and the address and telephone number of each of their outlets.

Bakery Cafe No.	Street Address	City	State	Zip Code	Opening Date	Franchisee	Telephone	Fax
Alabama								
55	3680 Dauphin Street	Mobile	Alabama	36608	07/14/99	Bill Turk	251-380-0444	251-380-2944
122	3070 Ross Clark Circle	Dothan	Alabama	36303	12/17/01	Matt Howell	334-793-9895	334-793-9696
129	6275 University Drive	Huntsville	Alabama	35306	03/21/02	David Walker	256-922-2253	413-647-4659
Colorado								
108	351 West 104th Avenue	Northglenn	Colorado	80234	9/7/2001 Transfer 06/01/05	Joe & Sheila Vessels	303-452-8222	303-452-9222
178	14262 East Cedar Avenue	Aurora	Colorado	80012	06/30/03	Robert Lawrence, Robert Rudloff	303-341-6200	303-341-6202
202	7740 West Alameda Avenue, Unit E	Lakewood	Colorado	80226	01/22/04	Robert Lawrence, Robert Rudloff	303-991-4400	*303-991-4401
Connecticut								
217	400 Evergreen Way, Suite 701	South Windsor	Connecticut	06047	10/29/2004 transferred 6.24.08	Candlewood Restaurant Group - CT, LLC	860-432-0588	860-432-1282
Florida								
94	10355 NW 41st Street	Miami	Florida	33178	03/16/01	Rafael Arbelaez	305-392-5792	305-392-5795
117	1504 Governor Square Blvd.	Tallahassee	Florida	32301	11/9/2001 Transfer:11/11/03	Nicholas Antal	850-656-5449	850-656-8861
132	6401 Manatee Avenue	Bradenton	Florida	34209	3/20/2002 Transf:04/19/04	Heinz Wiechmann	941-792-1380	941-792-1390
237	1403 Timberland Road	Tallahassee	Florida	32312	09/17/08	Danny Quinton - Tony Roberson	850-893-0800	850-668-6302
Georgia								
8	1155 Mount Vernon Highway, Suite 1200	Dunwoody	Georgia	30338	3/1/1996 Transferred: 6/16/08	Anthony & Kristen Ricci	770-392-1944	770-392-9958
10	1255 Johnson Ferry Road Merchants Place Shopping Center	Marietta	Georgia	30068	06/15/96	George Bylos	770-509-3838	770-509-5559
24	1943 Zion Road	Morrow	Georgia	30260	9/16/1997 Transfer 7/03/06 Transfer 11/7/06	Grainworks	770-472-1997	770-472-1749
28	2555 Prado Lane	Marietta	Georgia	30066	12/06/97	George Bylos	770-420-9225	770-420-9454
29	1531 Baytree Road	Valdosta	Georgia	31602	12/09/97	B.J. Lowenthal	229-259-9969	229-253-8499
30	5500 Abercorn Street	Savannah	Georgia	31405	12/15/97	B.J. Lowenthal	912-691-1949	912-691-1950

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34	120 C Pavilion Parkway	Fayetteville	Georgia	30214	05/16/98 Transfer:02/01/03 Transfer:11/03/03	Howard & Jenna Aronowitz	770-719-2883	770-719-1610
42	255 A Robert Daniel Parkway	Augusta	Georgia	30909	11/03/98	Charlie Baggs	706-736-1551	706-736-2344
54	1708 Scenic Highway, Suite H	Snellville	Georgia	30078	07/13/99	George & Dino Bylos	678-344-9099	678-344-9094
69	944 Dawsonville Highway	Gainesville	Georgia	30501	1/14/2000 Transfer:01/30/04	Robert (aka/Andy) Moore	770-297-9700	770-297-9789
70	3185 Woodward Crossing Blvd., Suite 500	Buford	Georgia	30519	2/5/2000 Transferred: 4/17/08	Philip Dobbleman	678-482-5155	678-462-2155
93	160 Woodstock Square Ave., #950	Woodstock	Georgia	30169	03/14/01	Bill Decatur, Bob Stafford	678-445-2794	676-445-2797
97	401 City Circle	Peachtree City	Georgia	30269	04/23/01	Bill Decatur, Bob Stafford	770-486-1330	770-486-1303
109	640 Crossville Road #100	Roswell	Georgia	30075	09/26/01	Aaron Jones	770-650-0069	770-650-0092
111	2624 A Watson Blvd.	Warner Robins	Georgia	31093	10/9/2001 Transfer: 08/17/09	Steve Erlich	476-329-9111	478-329-1801
159	4880 Peachtree Corners Circle	Norcross	Georgia	30092	09/05/02	Ronald Murray	770-662-0900	770-662-5551
167	5555 Whittlesey Blvd., # 190	Columbus	Georgia	31909	10/14/02	Dino & George Bytes	706-494-1223	706-494-1390
168	3320 Lawrenceville - Suwanee Road	Suwanee	Georgia	30024	10/11/02	Aaron Jones	678-541-0320	678-541-0323
181	906 Buford Highway	Cumming	Georgia	30040	9/8/2003 Transfer:07/01/06 Transfer:08/04/06	Howard & Jenna Aronowitz	770-866-9921	770-888-7491
Illinois								
194		Warrenville	Illinois	60555	01/31/05	Ken Basciani, Linda Kelleher	630-393-1099	630-836-9558
235	1905 S. Neil Street	Champaign	Illinois	61820	07/12/07	Ed Dye	217-356-8040	217-356-8059
Kentucky								
33	1080 S. Broadway	Lexington	Kentucky	40504	12/17/97 Transfer: 11/13/02 4/1/08 Transfer 1/26/10	William (Bill) Jacobs	859-252-6366	859-253-9344
Maryland								
100	551 Governor Ritchie Highway	Severna Park	Maryland	21146	5/14/2001 Transferred: 9/11/06 Transferred: 1/31/08	Jim & Jeff Sunstrom	410-315-7887	410-315-7993
166	1334 Main Chapel Way	Crofton	Maryland	21114	10/02/02	Jim Mitcherling	410-451-8973	410-451-9437
Mississippi								
238	312 South Gloster Street	Tupelo	Mississippi	38801	06/27/08	Brett Hildenbrand - Kip Tigrett	662-844-8353	662-844-0669

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Nevada								
136	9785 West Charleston	Las Vegas	Nevada	89117	03/31/02	Nate Finnichio	702-636-2224	702-838-4225
New Jersey								
91	1067 Bloomfield Avenue	Clifton	New Jersey	07012	1/26/2001 transferred 3/29/07	Candlewood Restaurant Group - NJ, LLC	973-777-2211	973-777-4499
141	1711 Route 10	Morris Plains	New Jersey	07950	05/13/02	Franco Rizzolo	973-267-1555	973-267-8145
153	1042 Cedar Bridge Avenue	Brick	New Jersey	08723	06/19/02	Neal Cohen, Jeff Petruziello	732-451-1400	732-451-9811
183	6 Main Street	Madison	New Jersey	07940	04/16/03	Franco Rizzolo	973-822-3359	973-622-3369
219	1 Route 37 West	Tom's River	New Jersey		11/13/04 Transferred: 5/1/08	The Pal's	732-240-4110	732-240-4612
New York								
210	220 Main Street	White Plains	New York	10601	10/22/2004 11/2/06 transferred	Kastandinos Colitsas (Dino)	914-286-3500	914-266-3502
North Carolina								
101	633 Merrimon Avenue	Asheville	North Carolina	28804	05/15/01	John & Jill Fisher	828-259-3675	828-259-3675
126	147 Highland Square Drive	Hendersonville	North Carolina	28792	2/11/2002 Trans: 12/01/06	Bill LaFever Barry & Doris LeFaver - Operating Partners	828-692-7553	828-692-7845
150	464 Hendersonville Road	Asheville	North Carolina	28803	09/21/02	John & Jill Fisher	626-274-2323	828-274-3331
185	1756 Catawba Valley Blvd.	Hickory	North Carolina	28602	04/26/03	Randy Lyons	828-325-8008	828-325-6009
207	6886 Main St	Wilmington	North Carolina	28405	04/26/04	John Bibb, Andy Chatalier	910-509-2844	910-509-2645
Oklahoma								
169	2 NW Sheridan Road	Lawton	Oklahoma	73505	04/12/03	Tyrone Mutdowney	580-581-1177	560-561-1178
Pennsylvania								
104	5125 Jonestown Road, #155	Harrisburg	Pennsylvania	17112	07/02/01	Corky Purcell	717-671-5450	717-671-5804
South Carolina								
11	200 North Main Street	Greenville	South Carolina	29602	7/6/96 Transfer 08/20/03 Transfer 01/07/05	Marion Niemand	864-232-1007	864-627-4301
25	4100 Pelham Road	Greenville	South Carolina	29615	10/11/1997 Transfer:08/20/03 Transfer 01/07/05	Marion Neimand	864-627-4300	864-627-4301
39	1307 Main Street	Columbia	South Carolina	29201	06/29/98	Robin Patel, Shailesh Patel	803-779-0101	803-779-0107
59	ML Pleasant Town Centre, Space B-1	ML Pleasant	South Carolina	29464	06/20/99	Judith & Robert Bagwell	843-216-1611	843-216-1601

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67	1117 A Woodruff Road	Greenville	South Carolina	29607	11/26/00	Brent Askeland, James Eley	864-286-8555	864-286-0370
90	3204 Pleasantburg Drive	Greenville	South Carolina	29609	01/10/01	Jeffery Massey	864-235-9400	864-235-9493
106	106 Sayebrook Parkway, #I	Myrtle Beach	South Carolina	29588	6/14/2001 transferred: 3/7/07	Wlson & Ross Rankin	843-293-2253	843-293-8666
118	45 Pembroke Drive, # 120	Hilton Head	South Carolina	29926	11/19/2001 Transfer 1-1-09	Dana Cortes	843-342-2253	843-342-2249
138	TANGLEWOOD STATION 8966 University Boulevard	North Charleston	South Carolina	29406	04/09/02	Ronald Brantley	843-797-7773	843-797-7774
156	506 Highway 17 No.	N. Myrtle Beach	South Carolina	29562	7/31/2002 Transfer 06/0 I/06	Wilson & Ross Rankin	843-663-1500	843-663-1501
216	108 Sunset Court	West Columbia	South Carolina	29169	12/17/2004 transferred	Queen Holdings, LLC	803-791-1150	803-791-1181
216	1114 North Main Street	Summerville	South Carolina	29483	07/26/04	Ronald Brantley	843-875-7989	843-875-5477
224	1944 Whiskey Road, Suite 101	Aiken	South Carolina	29803	05/11/05	Charlie Baggs	603-643-8100	803-643-8005
Tennessee								
175	2010 Franklin Terrace Court	Johnson City	Tennessee	37604	06/20/03	Mark & Lee Buckner	423-282-8001	423-282-2377
Texas								
234	2601 Midwestern Parkway Suite 300	Wichita Falls	Texas	76308	12/06/06	Benny & Barbara Land	940-689-9098	940-669-9343
Virginia								
163	675 Phoenix Drive	Virginia Beach	Virginia	23452	09/10/02	Glenn Gettier	757-306-4320	757-306-4322
165	45633 Dulles Eastern Place, Suite 1	Sterling	Virginia	20166	transferred: 5/1/07	Joey Yousefzadeh	703-444-4360	703-444-4625
W sconsin								
191	2747 Milwaukee Road	Betoit	W scorisin	53511	06/06/07	Sadique Isahaku	608-364-1000	608-364-1001

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Item 20 Table No. 5, Column (Franchisees with locations that were not operational at the end of 2010)

State (Number of Franchise Agreements and/or Development Options)	Street Address	City	State	Zip	Franchisee	Telephone	Fax
FL (6)	106 9th Street SE	Cullman	AL	35055	DnA Breads,LLC (Peter Certo, Dennis Van Patten)	(716) 609-4000	(716) 827-0179
FL (1)	1600 Marina Bay #204	South Port	FL	32409	Danny Quinton	(850) 878-5465	Unknown
GA(1)	640 Crossville Road #100	Roswell	GA	30075	Aaron Jones	770-650-0069	770-650-0092
IL (4)		Warrenville	IL	60555	Ken Basciani	630-393-1099	630-836-9558
MiS(1)	312 South Gloster Street	Tupelo	MS	38801	Brett Hildenbrand - Kip Tigrett	662-844-6353	662-844-0669
MD (1)	1334 Main Chapel Way	Crofton	MD	21114	Jim Mitcherling	410-451-8973	410-451-9437
NV (1)	9785 West Charleston	Las Vegas	NV	89117	Nate Finnichio	702-838-2224	702-838-4225
NY(10)	226 Mountainside Road	Mendham	NJ	07945	Raj Aditya (Kamal Aditya)	(973) 543-5151	Unknown
TN(3)	166 N. Crest Road	Chattanooga	TN	37404	Bob Cox	(423) 499-0049	(423) 855-2989
TN(1)	2010 Franklin Terrace Court	Johnson City	TN	37604	Mark & Lee Buckner	423-282-8001	423-282-2377

Date effective as of the end of 2010

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The following table contains the name, address and current business telephone number, or if unknown, the last known home telephone number, of every franchisee who has had an outlet terminated, canceled, not renewed, reacquired by us our an affiliate of ours, or who has otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year. The table includes franchisees who transferred beneficial ownership of their franchises to third parties (separately under the heading "Transfers"). We do not have any franchisees who have not communicated with us within 10 weeks of the date of this Disclosure Document.

Bakery Café No.	Street Address	City	State	Zip Code	Close Date	Franchisee	Telephone	Fax
4	Tower Place, 3365 Piedmont Road	Atlanta	Georgia	30305	3/12/2010	Hannah Khoury	404-814-1302	404-816-3988
58	751 N. High Point	Madison	Wisconsin	53717	5/18/2010	Scott Meister	608-631-4300	608-631-4332
80	3700 S. Cooper	Arlington	Texas	76015	5/26/2010	Paul Easton	817-557-4455	817-557-5253
81	2000 SE Federal Highway	Stuari	Florida	34994	6/11/2010	Steve & Kathleen Stacey	772-781-5121	772-781-5535
64	12897 Citius Plaza Drive	Tampa	Florida	33616	4/15/2010	ABR Group, LLC Ghyslain Lefebvre Moe Jafari Ted Steiner	813-926-3606	813-926-3648
85	535 Cool Springs Blvd., #120	Franklin	Tennessee	37067	2010	3 N Company Int'l, Inc. Michael Nwider	615-771-6464	615-771-6071
103	3830 South Mooriand Road	New Beriin	Wisconsin	53151	2010	Matera Restaurants, LLC Joe & Sal Matera	262-782-7100	262-782-7156
112	179 First Avenue North	SL Petersburg	Florida	33701	2010	MGT Restaurant Group, Inc. Ghyslain Lefebvre Moe Jafari Ted Steiner	727-896-3656	727-896-3654
120	10855 West Park Place	Milwaukee	Wisconsin	53224	2010	Arizona Foods, Inc. Scott Meister	414-359-9720	414-359-9732
142	19161 Mack Avenue, Suite 120	Detroit	Michigan	48236	01/12/2010	Doughworx, LLC Kevin Griffin	313-640-8200	313-640-8280
192	1686 NW Chipman Road	Lee's Summit	Missouri	64081	01/8/2010	Riekhof Enterprises, LLC Paul & Robert Riekhof	816-554-1100	816-554-1168
212	1481 West Mason Street	Green Bay	Wiscmsin	54313	2010	Earl Hylock, Mark DePrey	920-497-4876	920-497-5633

Transfers

Bakery Cafd No.	Street Address	City	State	Zip Code	Franchisee	Telephone
33	1080 S. Broadway	Lexington	Kentucky	40504	William (Bill) Jacobs	859-252-6366
164	650 North Casaloma Drive	Appleton	Wisconsin	54913	Atlanta Bread Company International, Inc. (Corporate)	770-432-0399

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EXHIBIT F

LIST OF REGISTERED AGENTS FOR SERVICE OF PROCESS

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EXHIBIT F

REGISTERED AGENTS FOR SERVICE OF PROCESS

Alabama
The Corporation Company
1000 Industrial Drive #201
Montgomery, AL 36109

Alaska
C T Corporation System
240 Main Street, Ste 800
Juneau, AK 99801

Arizona
C T Corporation System
3225 North Central Avenue
Phoenix, AZ 85012

Arkansas
The Corporation Company
417 Spring Street
Little Rock, AR 72201

California
California Corporation s Commissioner
320 W. 4th Street, Suite 750
Los Angeles, CA 90013

Colorado
C T Corporation System
1675 Broadway
Denver, CO 80202

Connecticut
C T Corporate System
One Commercial Plaza
Hartford, CT 06103

Delaware
The Corporation Trust Co.
Corporate Trust Center
1209 Orange Street
Wilmington, DE 19801

District of Columbia
C T. Corporation System
1025 Vermont Ave., NW
Washington, D.C. 20005

Florida
C T Corporation System
1220 S. Pine Island Road
Plantation, FL 33324

Georgia
C T Corporation System
1201 Peachtree Street, NE
Atlanta, GA 30361

Hawaii
Director of Commerce and Consumer Affairs
Business Registration Div.
1010 Richards Street
Honolulu, HI 96810

Idaho
C T Corporation System
300 North 6th street
Boise, ID 83701

Illinois
Illinois Attorney General
500 South Second Street
Springfield, Il 62706

Indiana
Indiana Securities Division
Franchise Section
Room 102, State House
Indianapolis, IN 46204

Iowa
Ct. Corporation System
2222 Grand Avenue
De Moines, IA 50312

Kansas
The Corporation Company
515 South Kansas Avenue
Topeka, KS 66603

Kentucky
C T Corporation System
Kentucky Home life Bldg.
Louisville, KY 40202

Louisiana
C T Corporation System
8550 United Plaza Blvd.
Baton Rouge, LA 70809

Maine
C T Corporation System
One Portland Square
Portland, ME 04101

Maryland
Office of Attorney General
Securities Division
200 SL Paul Place
Baltimore, MD 21202

Massachusetts
C T Corporate System
2 Olive Street
Boston, MA 02109

Michigan
The Corporation Company
30600 Telegraph Rd. Ste 3275
Bingham Farms, MI 48025

Minnesota
Commissioner of Commerce
133 East seventh Street
St. Paul, MN 55101

Mississippi
C T Corporation system
118 North Congress Street
Jackson, MS 39201

Missouri
C T Corporation System
906 Olive Street
St. Louis, MO 63101

Montana
C T Corporation system
406 Fuller Street
Helena, MT 59601

Nebraska
C T Corporation System
208 South 13th Street, Ste 1500
Lincoln, NE 68508

Nevada
The Corporation Trust Company of Nevada
One East First Street
Reno, NV 69501

New Hampshire
C T Corporation System
9 Capitol Street
Concord, NH 03301

New Jersey
The Corporation Trust Co.
28 West State Street
Trenton, NJ 08608

New Mexico
C T Corporation System
119 East Marcy
Santa Fe, NM 87501

New York
The Secretary of State of NY
41 State Street
Albany, NY 12231

North Carolina
C T Corporation System
225 Hillsborough Street
Raleigh, NC 27603

North Dakota
C T Corporation System
314 East Thayer Avenue
Bismarck, ND 58501

Ohio
C T Corporation System
815 Superior Avenue, NE
Cleveland, OH 44114

Oklahoma
The Corporation Company
735 First National Building
Oklahoma City, OK 73102

Oregon
C T Corporation System
800 Pacific Building
Portland, OR 07204

Pennsylvania
Commercial Registered Office (CROP) Designation
c/o C T Corporation System

Rhode Island
Director
Department of Business Regulation
State of Rhode Island
1511 Pontiac Avenue
John O. Pastore Complex – Building 69-1
Cranston, RI 02920

South Carolina
C T Corporation System
75 Beattie Place
Two Insignia Financial Plaza
Greenville, SC 29601

South Dakota
Director of Division of Secretary of State
Dept. of Commerce. and Consumer. Affairs
State Capitol
Pierre, SD 57501

Tennessee
C T Corporation System
530 Gay Street
Knoxville, TN 37902

Texas
C T Corporation System
350 N. St. Paul Street
Dallas, TX 75201

Utah
C T Corporation System
50 West Broadway
Salt Lake City, UT 84101

Vermont
C T Corporation System
192 College Street
Burlington, VT 05401

Virginia
Clerk of the State Corporation Comm.
State Corporation Commission
1300 E. Main Street, 9th Floor
Richmond, VA 23219

Washington
Securities Division
P.O. Box 646
Olympia, WA 98504

West Virginia
C T Corporation System
1200 Charleston National Plaza
Charleston, WV 25301

Wisconsin
Commissioner of Securities
State of Wisconsin
Box 1768-345 W. Washington Ave, 4th FL
Madison, WI 53703

Wyoming
C T Corporation System
1720 Carey Avenue
Cheyenne, WY 82001

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EXHIBIT G

LIST OF STATE ADMINISTRATORS

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EXHIBIT G

List of State Administrators

Listed below are the names, addresses, and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states.

CALIFORNIA
Department of Corporations
320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344
(213) 576-7500

HAWAH
Commissioner of Securities
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

ILLINOIS
Illinois Attomey General
500 South Second Street
Springfield, IL 62706
(217) 782-4465

INDIANA
Indiana Secretary of State
Indiana Securities Division
302 West Washington Street, Room E-111
Indianapolis, IN 46204
(317) 232-6681

MARYLAND
Office of the Attomey General
Securities Division
200 St. Paul Place, 20th Floor
Baltimore, MD 21202-2020
(410) 576-6360

MICHIGAN
Department of the Attomey General
Consumer Protection Division
G. Mennen Williams Building, 7th Floor
525 W. Ottawa St.
Lansing, MI 48909

NORTH DAKOTA
Franchise Examiner
Office of Securities Commissioner
State Capitol, 5th Floor
600 East Boulevard
Bismarck, ND 58505-0510
(701) 328-2910

OREGON
Department of Consumer and Business Services
Division of Finance and Corporate Securities
Labor & Industries Building
350 Winter St. NE, Room 410
Salem, Oregon 97301-3881
(503) 378-4140

RHODE ISLAND
Department of Business Regulation
Division of Securities
Franchising Section
1511 Pontiac Avenue
John O. Pastore Complex-Building 69-1
Cranston, RI 02920
(401) 222-3048

SOUTH DAKOTA
Franchise Administrator
Division of Securities
445 East Capital Avenue
Pierre, SD 57501-3185
(605) 773-4823

VIRGINIA
State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, VA 23219
(804) 371-9051

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MINNESOTA
Minnesota Department of Commerce
85 7th Place East, Suite 500
St. Paul, MN 55101-2198
(651) 296-4973

NEW YORK
New York State Department of Law
Office of the Attorney General
Investor Protection and Securities Bureau
120 Broadway
New York, NY 10271-0332
(212) 416-8260

WASHINGTON
Department of Financial Institutions
Securities Division
150 Israel Road S.W.
Tumwater, WA 98501
or
P.O. Box 412000
Oiympia, WA 98504-1200
(360) 902-8760

WISCONSIN
Department of Financial Institutions
Division of Securities
345 West Washington Avenue, 4th Floor
Madison, Wl 53703
(608) 266-1064

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Exhibit H

State Addenda to the Disclosure Document

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STATE OF ILLINOIS
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

In recognition of the Illinois Franchise Disclosure Act of 1987 (the "Act"), the following additional disclosure is provided to the Franchise Disclosure Document.

1. The following shall be added at the beginning of Item 17:

Sec. 705/4. Sec. 4. Any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of Illinois is void provided that a franchise agreement may provide for arbitration in a forum outside of Illinois.

2. The following shall be added to Item 5 relating to Multi-Unit Development Agreements:

For the right to reserve the territory to be developed under a Multi-Unit Development Agreement, you will be required to pay a negotiated non-refundable fee for each additional unit to be developed under the Multi-Unit Development Agreement, which may be an amount not to exceed $10,000 per Multi-Unit Development Agreement as administrative expenses of ABCI.

3. The "Summary" section of Item 17 v. is hereby deleted in its entirety and the following substituted in lieu thereof:

Dispute resolution must be in Georgia except where superseded by a provision of the Illinois Franchise Disclosure Act of 1987.

4. The "Summary" section of Item 17 w. is hereby deleted in its entirety and the following substituted in lieu thereof:

Georgia law applies except where superseded by a provision of the Illinois Franchise Disclosure Act of 1987.

5. The following shall be added to Item 23:

(4) IF YOU ARE DISCLOSED IN ILLINOIS, OR PURCHASING A FRANCHISE IN ILLINOIS, ATLANTA BREAD COMPANY INTERNATIONAL, INC. MUST PROVIDE THIS DISCLOSURE DOCUMENT TO YOU BY THE EARLIEST OF THE FIRST PERSONAL MEETING, FOURTEEN DAYS PRIOR TO THE SIGNING OF A BINDING AGREEMENT OR BEFORE PAYMENT TO ATLANTA BREAD COMPANY INTERNATIONAL, INC.

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STATE OF INDIANA
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The Sections in the Franchise Agreement that relate to termination, non-renewal, governing law, venue, modification, covenants not to compete and any limitations period for bringing claims are only applicable to the extent they are not inconsistent with or prohibited by Indiana law. Indiana law will control to the extent of any inconsistency or prohibition.

The Franchise Agreement contains provisions requiring a general release as a condition of renewal and transfer of a franchise. Such release will exclude claims arising under the Indiana Deceptive Franchise Practices Act.

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STATE OF MARYLAND
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

Item 17 of the Franchise Disclosure Document is modified as follows:

The general release required as a condition of renewal, sale and/or assignment or transfer shall not apply to any liability arising under the Maryland Franchise Registration and Disclosure Law. A copy of the form of general release required by the Franchise Agreement is attached to this Addendum as Schedule A.

You may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law may be brought within 3 years after the grant of your franchise.

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SCHEDULE A TO
STATE OF MARYLAND
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

GENERAL RELEASE

See attached.

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GENERAL RELEASE

(This is a sample and the exact terms may be different)

For and in consideration of the latest signed Franchise Agreement between _____ ("Franchisee") and Atlanta Bread Company International, Inc. ("Franchisor"), the undersigned, jointly and severally, and each of their respective heirs, dependents, executors, officers, directors, members, owners, employees, administrators, successors, assigns, agents, representatives, predecessor-, successor-, affiliated-, subsidiary-, and parent-corporations or entities, as the case may be (the "Releasing Parties"), unconditionally and without reservation, hereby release, acquit, and forever discharge Franchisor and each of its past, present, and future parents, subsidiaries, affiliates, and successors in interest, and each of their respective managers, members, shareholders, directors, officers, agents, servants, employees and all other persons acting by, through, under or in concert with any of them and whether specifically mentioned herein or not (the "Released Parties"), from any and all manner of claims, counterclaims, cross-claims, actions, causes of action, rights, disputes, controversies, judgments, debts, agreements, contracts, performance bonds, payment bonds, demands, obligations, duties, suits, expenses, assessments, penalties, charges, injuries, losses, costs (including, without limitation, attorneys' fees and costs incurred), damages (including, without limitation, compensatory, consequential, statutory, or punitive damages), sanctions, and liabilities of every kind, character and manner whatsoever, in law or in equity, administrative or judicial, contract, tort, statute or otherwise (collectively, "Claims"), which the Releasing Parties ever had, now have, or ever may have in the future against the Released Parties, whether now known or unknown, accrued or unaccrued, asserted or unasserted, anticipated or unanticipated, for, upon, or by reason of any matter, cause or thing whatsoever from the beginning of the World to the date of this Release. This Release is not intended as a waiver of those rights of the undersigned which cannot be waived under applicable state franchise laws nor is it intended to release any Released Party from any liability imposed by the Maryland Registration and Disclosure Law. This Release shall be govemed and construed in accordance with in accordance with the laws of the State of Georgia without regard to its conflict of law provisions.

The undersigned acknowledges there is a risk that, after the date hereof, the undersigned will discover, incur, or suffer Claims which are unknown or unanticipated at the time of execution of this Release that which, if known by the undersigned on the date hereof, may have materially affected the undersigned's decision to execute this Release. Nevertheless, the undersigned agrees that the undersigned intends to assume, and is assuming, the risk of such unknown or unanticipated Claims, and that the Releasing Parties' release of the Released Parties set forth in this Release shall apply to any and all such Claims. Neither the undersigned nor any other Releasing Party has assigned, transferred or purported to assign or transfer to any other person or entity any of the Claims or any portion thereof or interest therein and agrees to indemnify, defend and hold the Released Parties harmless from and against any and all Claims based on or arising out of any such assignment or transfer or purported assignment or transfer.

Each of the undersigned represents and warrants that they intend to be legally bound by this Release, that the execution of this Release is free and voluntary, that no inducements, threats, presentations, or influences of any kind were made or exerted by or on behalf of Franchisor, and that, prior to the execution hereof, the undersigned was given the opportunity, if desired, to consult with counsel. This Release shall be binding upon the undersigned and the

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other Releasing Parties and their respective heirs, executors, administrators, legal representatives, successors and assigns.

It is the express intention of the undersigned and Franchisor that this Release be as broad as permitted by law.

IN WITNESS WHEREOF, the undersigned have duly executed and delivered this Release as of this _____ day of _____, 20__.

WITNESS:

By:_____ _____

By:_____
Print:_____
Its:_____

By:_____ By: _____
Print: _____
Individually

By:_____ By: _____
Print: _____
Individually

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STATE OF MINNESOTA
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The following amendments apply to prospective franchisees governed by Minnesota law and these amendments supplement the Items to which they refer and supersede anything inconsistent with them in the text of this circular.

A. Item 13. By state law in Minnesota, Minnesota Statutes, Section 80C.12, Subdivision 1 (g), the State of Minnesota considers it unfair for us not to protect your right to use the service marks listed in Item 13, or other trademarks, service marks, trade names, logo types or other commercial symbols we may license you to use or not to indemnify you from any loss, cost or expense arising out of any claim, suit or demand regarding those marks. Accordingly, we will provide that protection while your franchise agreement is in effect.

If your franchise may be governed by Minnesota law, it has an addendum to it which reflects this Minnesota law.

B. Item 17. Item 17 of this Disclosure Document refers to certain states which have laws which provide for different non-renewal and termination conditions than those stated in our franchise agreement. Minnesota is one of those states. If your franchise is governed by Minnesota law, we will comply with Minnesota Statutes Section 80C.14 subdivisions 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement, and that consent to a transfer of the franchise not be unreasonably withheld.

If your franchise may be governed by Minnesota law, your franchise agreement has an addendum to it which reflects this Minnesota law.

C. State Cover Page and Item 17. The State Cover Page and Item 17 state that the franchise agreement allows you to sue us only in Georgia. The State Cover Page and Item 17 also caution you that this requirement may not apply in your home state. If your home state is Minnesota, and Minnesota law governs, the requirement that you may only sue us in Georgia does not apply. Minnesota Statute 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or any agreement can abrogate or reduce any of your rights as provided for in Minnesota. However, this requirement does not bar an exclusive arbitration clause.

If your franchise may be governed by Minnesota law, your franchise agreement has an addendum which reflects this Minnesota law.

Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a release, assignment, novation or waiver that would relieve any person from liability under Minnesota

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Statutes 80C.01 through 80C.22. The Franchise Agreement contains provisions requiring a general release as a condition of renewal and transfer of a franchise. Such release will exclude claims arising under Minnesota Statutes 80C.01 through 80C.22. In addition, no representation or acknowledgment by the Franchisee in the Franchise Agreement is intended to or shall act as a release, assignment, novation or waiver that would relieve any person from liability under Minnesota Statutes 80C.01 through 80C.22.

The Sections in the Franchise Agreement that relate to transfer and non-competition are applicable to the extent they are not inconsistent with Mimesota law. In the event of any inconsistency, Minnesota law will control.

Minnesota Rule 2860.4400J prohibits us from requiring you to waive your rights to jury trial or to consent to liquidated damages. The sections in the Franchise Agreement that relate to waiver of jury trial and/or liquidated damages shall not apply to franchises governed by Minnesota law.

Minnesota Rule 2860.4400J prohibits us from requiring a franchisee to consent to us obtaining injunctive relief or from requiring that a bond be posted, but we may seek injunctive relief. We reserve the right to seek any injunctive relief, including the posting of a bond, to the maximum extend required by applicable law.

Any limitations of claims section in the franchise agreement must comply with Minnesota Statutes 80C.17, subdivision 5, which provides that no action may be commenced pursuant to Minnesota Statutes 80C.17 more than three years after the cause of action accrues.

Minnesota Statutes 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or franchise agreement can abrograte or reduce any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Registration of this franchise with the state does not mean that the state recommends it or has verified the information in this Disclosure Document. If you believe that anything in this Disclosure Document is untrue, contact the Federal Trade Commission and/or the state administrator for your state listed on Exhibit G to this Disclosure Document.

NOTE: EVEN THOUGH THE FRANCHISE AGREEMENT PROVIDES THAT GEORGIA LAW APPLIES, LOCAL LAW MAY SUPERSEDE IT IN YOUR STATE. PLEASE REFER TO ANY STATE-SPECIFIC AMENDMENT THAT MAY BE ATTACHED TO THE FRANCHISE AGREEMENT AND/OR THIS DISCLOSURE DOCUMENT FOR DETAILS.

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STATE OF NEW YORK

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

All references to "Disclosure Document" will be deemed to include the term "Offering Prospectus" as used under the General Business Law of the State of New York.

The following language is added to Item 3 of the Franchise Disclosure Document:

Except as disclosed in Item 3, neither the franchisor, its predecessor, a person identified in Item 2, nor an affiliate offering franchises under the franchisor's principal trademark:

A. Has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil or misdemeanor allegations or is subject to any pending actions, other than routine litigation incidental to the business which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

B. Has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law, fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

C. Is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency, or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or is subject to any currently effective order of any national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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The following language is added to Item 4 of the Franchise Disclosure Document:

Except as disclosed in Item 4, neither the franchisor, its affiliate, its predecessor, nor its officers, during the 10-year period immediately before the date of this Disclosure Document: (a) filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the U.S. Bankruptcy Code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within I year after the officer or general partner of the franchisor held this position in the company or partnership.

The Franchise Agreement contains provisions requiring a general release as a condition of renewal and transfer of a franchise. Such release will exclude claims arising under Article 33, Sections 680 through 695, of the General Business Law of the State of New York and regulations issued thereunder.

No representation or acknowledgment by the Franchisee in the Franchisee Agreement is intended to or shall act as a release, assignment, novation, waiver or estoppel which would relieve a person from any duty or liability imposed by Article 33, Sections 680 through 695, of the General Business Law of the State of New York and the regulations issued thereunder.

The choice of law provision of the Franchise Agreement should not be considered a waiver of any right conferred upon either you or us by the General Business Law of New York State, Article 33.

We will not make any assignment except to an assignee, who, in our good faith judgment, is willing and possesses the economic resources to fulfill our obligations under the Franchise Agreement.

The following language is added to Item 11 of the Disclosure Document:

In addition to Blaine Armstrong, Senior Director of Operations, and Cristina Lamos, Director of Training, we have the following individuals as instructors: Guillermo Soveranis, Training Baker, who has worked since January 2007 with our operational affiliates as a certified baker and has been serving as a baking instructor since October 2007.

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STATE OF RHODE ISLAND
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

Notwithstanding anything to the contrary set forth in Item 17 or elsewhere in the Disclosure Document, the following provisions will supersede and apply:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "[a] provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state [Rhode Island] or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

Section 19-28.1-15 of the Rhode Island Franchise Investment Act provides that "[a] condition, stipulation or provision requiring a franchisee to waive compliance with or relieving a person of a duty of liability imposed by or a right provided by this Act or a rule or order under this Act is void. An acknowledgement provision, disclaimer or integration clause or a provision having a similar effect in a franchise agreement does not negate or act to remove from judicial review any statement, misrepresentations or action that would violate this Act or a rule or order under this Act.. This section shall not affect the settlement of disputes, claims or civil lawsuits arising or brought under this Act."

The Franchise Agreement contains provisions requiring a general release as a condition of renewal and transfer of a franchise. Such release will exclude claims arising under the Rhode Island Franchise Investment Act.

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STATE OF VIRGINIA
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Atlanta Bread Company International, Inc. for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure. The following statements are added to Item 17.h.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise agreement without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be detined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

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EXHIBIT I

FRANCHISE DRIVE 2011DOCUMENT

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EXHIBIT I

FRANCHISE DRIVE 2011 AMENDMENT

This Amendment amends and modifies certain provisions of the Franchise Agreement ("Agreement") between Atlanta Bread Company International, Inc. ("Franchisor") and _____ ("Franchisee") dated _____, 2011.

1. Section 2.1 of the Agreement is amended by adding the following as a new Subsection 2.1(a):

a. If the Franchisee's Bakery Café Opening Date occurs on or before June 30, 2012, then the Initial Franchise Fee shall be refunded by Franchisor to Franchisee in the form of a credit against Royalty Fees that would otherwise be owed under Section 2.2 of the Agreement.

2. Section 2.2 of the Agreement is amended by adding the following as a new Subsection 2.2(a):

a. If Franchisee's Bakery Café Opening Date occurs on or before June 30, 2012, then Franchisee shall be entitled to take a credit, in the amount of the Initial Franchise Fee paid under Section 2.1, that will be applied as an offset against Royalty Fees that would otherwise be owed under Section 2.2 of the Agreement. The credit will be applied on a weekly basis against Royalty Fees that would otherwise be owed until the credit amount is used up, at which time Franchisee shall commence paying a continuing weekly Royalty Fee in the amount of tive percent (5%) of Franchisee's weekly Gross Sales for the seven (7) day period ending at the close of business each Saturday. The credit will be applied only against Royalty Fees, and not against Advertising Fees.

3. Section 2.10. The following is added to the Agreement as a new Section 2.10:

2.10 Bake One Credit and Franchisor Equipment Subsidy

Franchisor shall provide to Franchisee a one-time $5,000 credit on the purchase price of baked goods sold to Franchisee through Franchisor's approved distributor, which credit will be provided on the distributor's tirst invoice(s) to Franchisee. Franchisor shall also provide to Franchisee a one-time equipment subsidy of $20,000 for store equipment obtained by Franchisee through specified approved vendors, to be provided in the form of credits given by the approved vendors on particular equipment or payment made by Franchisor within ten (10) days after the Bakery/Café Opening Date, or a combination of vendor credits and Franchisor payment.

4. Section 2.11. The following is added to the Agreement as a new Section 2.11:

2.11 Timely Opening of Bakery-Café. If Franchisee has not opened its Bakery/Café on or before the last day of the Pre-Opening Period [or by June 20, 2012?], then the provisions

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of this Amendment shall not apply and the original text of the Franchise Agreement shall apply as if there was no such Amendment.

5. Except as otherwise provided in this Amendment, all the other terms, covenants and agreements in the Agreement shall remain the same and the Agreement, as amended, shall continue in full force and effect. To the extent this Amendment is inconsistent with any terms or conditions of the Agreement or the Attachments thereto, the terms of this Amendment shall govern.

IN WITNESS WHEREOF, Franchisor and Franchisee have executed this Amendment as of the date of the Agreement.

ATLANTA BREAD COMPANY INTERNATIONAL, INC. Franchisor	Franchisee
By: _____	By: _____
Print Name: _____	Print Name: _____
Title: _____	Title: _____

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Receipt

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Atianta Bread Company International, Inc. offers you a franchise, it must provide this Disclosure Document to you fourteen (14) calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Maryland, New York and Rhode Island require that we give you this Disclosure Document at the earlier of the tirst personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Atlanta Bread Company International, Inc. does not deliver this Disclosure Document on time, or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency listed in Exhibit G.

Atlanta Bread Company International, Inc. authorizes the agents listed in Exhibit F to receive service of process for it.

The name, principal business address and telephone number of each franchise seller offering the franchise:

Basil Couvaras
1200 Wilson Way
Suite 100
Smyma, Georgia 30082
(770) 432-0933

Issuance date: April 20, 2011 *(See* State Registrations page for state registration effective dates)

I received a Franchise Disclosure Document with above issuance date that included the following Exhibits:

Exhibit A	Financial Statements
Exhibit B	Franchise Agreement
Exhibit C	Multi-Unit Development Agreement
Exhibit D	Operations Manual Table of Contents
Exhibit E	Franchisee and Bakery/Cafe List
Exhibit F	List of Registered Agents for Service of Process
Exhibit G	List of State Administrators
Exhibit H	State Addenda to the Disclosure Document

_____ _____

Name of Prospective Franchisee Date Received

_____

Signature of Prospective Franchisee

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Receipt

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Atlanta Bread Company International, Inc. offers you a franchise, it must provide this Disclosure Document to you fourteen (14) calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Maryland, New York and Rhode Island require that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Atlanta Bread Company International, Inc. does not deliver this Disclosure Document on time, or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency listed in Exhibit G.

Atianta Bread Company International, Inc. authorizes the agents listed in Exhibit F to receive service of process for it.

The name, principal business address and telephone number of each franchise seller offering the franchise:

Basil Couvaras
1200 Wilson Way
Suite 100
Smyrna, Georgia 30082
(770) 432-0933

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_____ _____
Name of Prospective Franchisee Date Received

_____
Signature of Prospective Franchisee

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FRANCHISE DISCLOSURE DOCUMENT

ATLANTA BREAD COMPANY INTERNATIONAL, INC.
1200 WILSON WAY, SUITE 100
SMYRNA, GA 30082
(770) 432-0933
www.atlantabread.com

The franchise described in this Disclosure Document is for the establishment and operation of a bakery/cafe restaurant that specializes in providing the pubhc with high quality bakery goods, specialty breads, rolls, coffee, deli-café sandwiches, soups and other menu items made under certain proprietary specifications and quality ingredients.

We are currently in the process of developing and implementing a remodel and rebranding program. As part of the remodel and rebranding program, we have adopted a new stylized logo and all future Atlanta Bread Company bakery/eafescafés will be required to use this new stylized logo (shown above). Also, we may, in the near future, change our tradename and trademarks with applicable modification of the new styled logo, and all existing and future Atlanta Bread Company bakery/eafescafćs will be required to change their signage, and other logo indicia, to reflect the new tradename and trademarks. At this time, no final decision has been made as to any change or the timing of any such change.

The total investment necessary to begin operation of a single new Atlanta Bread Company bakery/eafecafć franchise ranges from S659,700 to $1,027,300. This includes $30,000 to $40,000 that must be paid to the franchisor or affiliates.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least fourteen (14) calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Note, however, that no governmental agency verified the information contained in this document.

The terms of your contract will govem your franchise relationship. Don't rely on this disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure to an advisor, like a lawyer or an accountant.

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Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as *"A Consumer's Guide to Buying a Franchise,"* which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: ~~November 1, 2010~~April 20, 2011

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STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise ~~admininstrator~~administrator before offering or selling in your state. REGISTATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit G for information about the franchisor, or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WTIAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US ONLY IN GEORGIA. OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO SUE IN GEORGIA THAN IN YOUR HOME STATE.*

2. THE FRANCHISE AGREEMENT STATES THAT GEORGIA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.*

3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

* State laws may supersede certain provisions of the Franchise Agreement. You may want to investigate whether you are protected by state law. You should review any addenda or riders attached to this Disclosure Document for disclosures regarding state franchise laws.

Information comparing franchisors is available. Call the state administrators listed in Exhibit G to this Disclosure Document or your public library for sources of information.

Registration of this franchise with a state does not mean that the state recommends it or has verified the information in this Disclosure Document. If you learn that anything in this Disclosure Document is untme, contact the Federal Trade Commission and/or the state administrator for your state listed on Exhibit G to this Disclosure Document.

(***See*** the attached State Registrations page for State Effective Dates)

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STATE REGISTRATIONS

The effective dates of registration of this Disclosure Document or exemption in the states listed below are:

STATE	EFFECTIVE DATE
Illinois	November 19, 2010
Indiana	December 4, 2009
Michigan	December 3, ~~2009~~2010
Minnesota	February 29, 2008, as amended October 14, 2008, as amended June 1, 2009, as amended July 14, 2009 as amended December 4, 2009 as amended June 14, 2010, as amended November 23, 2010
New York	September 23, 2008, as amended October 30 2008, as amended, August 5, 2009, as amended Dece29, 2009 and as amended July 8, 2010
Rhode Island	July 16, 2010, as amended January 18, 2011
Wisconsin	December 2, 2009, as amended June 2, 2010, as amended November 5, 2010

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STATE OF MICHIGAN
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The state of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act [the Michigan Franchise Investment Law]. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration, of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection only applies if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state [Michigan]. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state [Michigan].

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

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(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney generaL

Any questions regarding this notice should be directed to the Michigan Department of Attomey General, Consumer Protection Division, Antitmst and Franchise Unit, 670 Law Building, Lansing, Michigan 48913, (517) 373-7117.

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EXHIBITS

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Item 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

THE FRANCHISOR AND ITS PREDECESSORS

The franchisor is Atlanta Bread Company International, Inc. To simplify the language in this Disclosure Document, "Atlanta Bread Company," "ABCI," "we," "us" or "our" means Atlanta Bread Company International, Inc. "You" or "your" means the person or entity that buys the franchise, and includes your partners if you are a partnership, your members if you are a limited liability company, or your shareholders if you are a corporation.

We are a Georgia corporation that was incorporated on December 28, 1995. Our principal business address is 1200 Wilson Way, Suite 100, Smyrna, GA 30082. We currently conduct business under our corporate name, Atlanta Bread Company International, Inc. Our agents for service of process are listed in Exhibit F.

Our predecessor is Atlanta Bread Company, a now inactive Georgia corporation. Our predecessor's principal business address was located at ABCI's current business address; however, before October of 1999, its principal business address was located at 115 Davis Circle #B, Marietta, GA 30008, from October of 1999 to November of 2004 its principal business address was located at 1200 Wilson Way, Suite 100, Smyrna, GA 30082 and from November of 2004 until September 2009 its principal business address was located at 1955 Lake Park Drive, Suite 400, Smyrna, Georgia 30080.

OUR PARENTS AND AFFILIATES

We are a wholly-owned subsidiary of Springtime House, Inc., a Georgia corporation, the address of which is 1200 Wilson Way, Suite 100, Smyrna, GA 30082. Springtime House, Inc. is a wholly-owned subsidiary of Summertime House, Ltd., a Cypriot corporation, the address of which is 6 Themistoclis Dervis Street, 4th Floor, Office D, P.O. Box 4185, Nicosia, 1702 Cyprus.

We do not operate businesses of the type being offered in this Disclosure Document. However, our affiliate, Europan, Inc., which is also a wholly-owned subsidiary of Springtime House, Inc., owns and operates company-owned bakery/cafes of the same type being offered by this Disclosure Document. The principal business address of Europan, Inc. is 1200 Wilson Way, Suite 100, Smyrna, GA 30082.

Our affiliate, Bake One, Inc. ("Bake One"), the principal business address of which is 1200 A Wilson Way, Suite 100, Smyrna, Georgia 30082, plays an integral role in the ABCI system. Operating out of a 106,000 square foot facility in Smyrna, Georgia, Bake One maintains all of the equipment and machinery necessary to convert flour and other baking ingredients into ready-to-bake dough for all our bakery and pastry items, which are then sold to company-owned and franchised bakery/cafes through Reinhart FoodService, L.L.C. ("Reinhart FoodService"), a distribution company that is not an affiliate of ours. By performing all of the "scratch baking" at

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Bake One, our franchisees avoid the cost of equipment and machinery necessary to prepare the dough, and also avoid leasing a larger space in order to accommodate the equipment and machinery. Reinhart FoodService or its predecessor has been the exclusive distributor of products produced by Bake One for our franchisees since July 15, 2007.

THE FRANCHISE WE OFFER

This Disclosure Document contains information we are required to disclose to you about a franchised bakery/cafe. If you qualify, you receive a complete business system for owning and operating a bakcry/cafe, which includes a license to use certain service marks, services and support which we provide to you, such as training, continuing advice and assistance conceming the operation of the bakery/cafe, merchandising, and advertising as described in this Disclosure Document. We may offer real estate assistance by reviewing and inspecting quality sites for your bakery/cafe. An additional scrvice and benefit to you is our ability to develop and lease stores.

The franchise we offer you is the right and license to operate a single ATLANTA BREAD COMPANY (ABC) bakery/cafe at a specific physical location, using our marks and system, for an initial term of 10 years, subject to one 10-year renewal at our discretion. We may also offer you a Multi-Unit Development Agreement to open multiple units in a specific city or region within a specified time limit. All ABC bakery/cafes are standardized visually, although each bakery/cafe is tailored to meet the needs and preferences which may be unique to the particular location in either storefront, freestanding or regional shopping mall locations. All ABC bakery/cafes retain a standard image, system color scheme, and interior design and layout, which include architecmral moldings, flooring treatments, uniform cabinetry, canopies, awnings, signs and displays as per our prototype drawings and specifications. A typical bakery/cafe location includes a food preparation bay, a seating capacity of 70 to 150 patrons, a convection oven, and a bakcry counter and display case. The standardized decor features glass display cases for bakery goods and other items, coffee ums, tea and beverage dispensers, condiment stations, backlit menu boards built into cabinetry, recessed lighting, ceiling fans, various wall hangings depicting bread, wall murals, frescoes, fireplaces, and pine and oak fumiture. Your bakery/cafe is designed to serve a large number of customers, and will typically be located in urban and heavily populated suburban areas, preferably in close proximity to office areas and high volume shopping and trade centers.

Each ABC bakery/cafe offers a uniform menu of delicatessen and bakery items. Sandwiches, soups, salads, and combinations of the same are sold in the deli section. Bakery breads, muffins, croissants, Danish and bagels are sold in the bakery section. Gourmet coffee and beverages are sold in both sections. Additionally, each bakery/cafe is required to operate a catering sales service.

You may choose to develop and own or lease the real estate or property where your bakery/cafe is located, subject to our site acceptance, or in some instances we may assist you by transferring to you an already-developed existing site and leasing it to you or assigning an existing lease to you. You have 12 months from the signing of your Franchise Agreement to select a site for your bakery/cafe. If we assign an existing lease to you, your landlord will expressly waive any responsibility on our part for your lease obligations should you fail to meet the terms of your lease agreement, or should you default in your Franchise Agreement with us. In either case, we will

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retain the right to enter and retake the premises of your bakery/cafe.

We are currently in the process of developing and implementing a remodel and rebranding program. As part of this program, ABCI has adopted a new stylized logo and all future Atlanta Bread bakery/cafes will be required to use this new stylized logo (shown on the cover page). In addition, we may, in the near future, change our tradename and trademarks to and all existing and future Atlanta Bread bakery/cafes will be required to change their signage, and other logo indicia to reflect the new trademark.

COMPETITION

The market for restaurant food service is well established. The restaurant business is highly competitive in the areas of price, service, location, food quality and the products you will offer. The success of your franchised business will also be affected by changes in consumer taste, economic conditions, population and travel pattems. You will sell the bakery/cafe services and products primarily to the shopping and working public. You will compete primarily with other deli/bakery, bagel, and sandwich and sub-style restaurants as well as coffee shops and other catering services, including regional and national chains and franchise systems. The specific make-up of customers will vary from location to location.

INDUSTRY-SPECIFIC REGULATIONS

In the operation of an ABC bakery/cafe, you may be required to comply with state and federal laws, mles, regulations and ordinances which may apply to the operation of your bakery/cafe, including those which (a) establish standards, specifications and requirements for the construction, design and maintenance of the interior and/or exterior of the bakery/cafe premises; (b) regulate matters conceming the health, safety and welfare of your customers, such as general health and sanitation requirements for restaurants, employee practices conceming the storage, handling, cooking and preparation of food, restrictions on smoking, and availability of and requirements for public accommodations (such as restrooms); (c) regulate matters pertaining to employee health and safety (such as teen labor laws); (d) set standards and requirements for fire safety and general emergency preparedness; (e) govem the use of vending machines; (f) control the sale of alcoholic beverages; and (g) regulate the proper use, storage and disposal of waste, insecticides, cleaning supplies and agents and other hazardous materials. You should investigate whether there are regulations or requirements that apply in the geographic area in which you are interested in locating your franchise and should consider both their effect and the cost of compliance.

OUR BUSINESS EXPERIENCE AND BUSINESS EXPERIENCE OF OUR PREDECESSORS AND AFFILIATES

In September 1993, Rick and Robert Auffenberg incorporated our predecessor Atlanta Bread Company. From 1993 to 1995, Rick and Robert Auffenberg operated the first two Atlanta Bread Company bakery/cafes. From 1994 to 1996, Atlanta Bread Company engaged in a joint venmre with Europan, Inc. for the operation of Atlanta Bread Company bakery/cafes. In 1995, the Auffenbergs sold one of their bakery/cafes to Peter Antoniades and the other to Dino Bylos, each of

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whom entered into licensing agreements with the joint venture to use the name Atlanta Bread Company. The joint venture agreement terminated in 1996, at which time our affiliate Europan, Inc. acquired all of the assets of Atlanta Bread Company and all of the interests in ABCI and any of its affiliates.

Atlanta Bread Company Commissary, Inc. ("ABCC"), a former Georgia corporation formed in 1995 and owned 100% by our indirect parent Summertime House Ltd. until its merger into our affiliate Bake One, Inc. described below, supplied bakery items to company-owned and franchised bakery/cafes either daily or every other day and delivered these items either fresh or fresh frozen. Our affiliate, Bake One, Inc., was formed in March, 2000 to supply large retail outlets with non-competitive private label products. In December, 2001, ABCC was merged into Bake One, with Bake One as the surviving company. Since then, Bake One has performed all of the separate functions of the former ABCC and Bake One.

We have been awarding franchises for the same type of business offered by this Disclosure Document since our incorporation on December 28, 1995. We do not operate businesses of the type being offered in this Disclosure Document. Our affiliate Europan, Inc. has owned and operated company-owned bakery/cafes of the same type offered by this Disclosure Document since 1994. Europan, Inc. has never offered franchises of the type being offered in this Disclosure Document.

In November, 2004, we began franchising Atianta Bread Café Express ("ABCE") restaurants, but as of June, 2008, we have ceased offering franchises for ABCE restaurants. These units were smaller versions of our traditional bakery/cafes with a smaller footprint and a limited menu of the products found in our traditional bakery/cafes. Neither we nor any of our affiliates have owned or operated any ABCE restaurants.

We, our predecessors and affiliates have never offered franchises in other lines of business, but reserve the right to do so.

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Item 2

BUSINESS EXPERIENCE

The following is a list of our directors, principal officers, and any other individuals who will have management responsibility relating to the sale or operation of franchises offered by this Disclosure Document:

Director, President and Chief Executive Officer: Jerry Couvaras

Jerry Couvaras has served as our Director, President and Chief Executive Officer since our inception in 1995. From 1993 to 1995, he operated, as an agent and employee of Europan, Inc., a non-franchised Atlanta Bread Company Bakery/Cafe and helped develop our franchise concept.

Director, Vice President and Chief Operating Officer: Basil Couvaras

Basil Couvaras has served as our Director, Vice President and Chief Operating Officer since our inception in 1995. From 1993 to 1995, he operated a non-franchised Atlanta Bread Company bakery/cafe, and helped develop our franchise concept.

Vice President of Operations : Blaine Armstrong

Mr. Armstrong joined us in June, 2000 as Sr. Manager of Training and served in that capacity until 2001. In 2001 he became our Area Director of corporate Bakery/Cafes and served in that capacity until 2002. In 2002 he became our Director of Training and served in that capacity until 2007. He also split rolls in 2005 and was the Midwest Business Consuhant. From October, 2007 to May 2010, he was Senior Director of Operations. In May 2010, he was promoted to Vice of Operations.

Vice President and Group General Counsel: James Dirr

Mr. Dirr has served as our Vice President and Group General Counsel since May, 2006. Prior to that, he was the Vice President and Chief Counsel for National Association Management Group, LLC, in Kennesaw, GA from 2005 until 2006. He had previously been the Vice President, Legal Counsel and Secretary to Parking Holding, Inc. in Atlanta, GA from 2001 until 2003 and was Vice President and General Counsel to Hooters of America, Inc. in Atlanta, GA from 1993 to 2001. During 2004, he was an independent contractor to various entities. He provided contract services in 2002 to Focus Brands, Inc.'s Cinnabon International, Inc. and Carvel Corporation consumer concepts.

Vice President Marketing: Chris Campagna

Mr. Campagna has served as our Vice President Marketing since May, 2004. He was Accounts Supervisor for West Wayne Advertising in Atlanta, GA from 2003 to 2004. From 2002 to 2003 Mr. Campagna was the Director of Marketing for Don Pablo's in Madison, GA, and from 1995 to 2002 he served as the VP of Marketing for Papa John's-America (Papa John's largest

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franchisee) in Birmingham, AL.

Vice President of Finance — Adam Holzhauer

Mr. Holzhauer joined us in October, 2007 as Group Controller and served in that capacity until May 2010. In May 2010 he became our Vice President of Finance. From July, 2007 to October, 2007 he was Distribution Center Controller of Institutional Jobbers Company. From March, 2007 to July, 2007 he was Controller of 4 Seasons Distribution, Inc. From July, 2007 to October, 2007 he was Distribution Center Controller of Institutional Jobbers Company. From April 2000 to March, 2007 he was Assistant Controller of The Paradies Shops.

Director of Training: — Cristina Lamos

Ms. Lamos joined us in June, 2002 as a Manager of Operations Training and served in that capacity until October, 2007, when she was promoted to Director of Training.

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Item 3

LITIGATION

CURENT LITICATION

None

FRANCHISE LITIGATION INITIATED BY US IN 20092010

ROYALTY COLLECTION LAWSUITS

NoncAtlanta Bread Compeny International, Inc. v. David Steinhauer, 15th Judicial Circuit for Palm Boach County, Florida. Case No. 502009CA42953. Filing date: December 22, 2009. Pelationship of Opposing Party to Franchisor: Individual guarantor of tranchisee

Atlanta Bread Company International, Inc. v. RGC Restaurants, Inc., West End Bread Corp and Robert G. Cox, Chancery Court, Hamilton County, Tennessee Case No. 09-0846. See pest litigation above.

PAST LITIGATION

The State (of South Africa) vs. Jerry Couvaras, Basil Couvaras, et. al. (In the Regional Court for the Division of Gauteug, held in Johannesburg, South Africa). This proceeding was personal to the individuals named and does not involve, or relate to, Atlanta Bread Company International, Inc. (ABCI) or any of its corporate affiliates. In a matter partially related to the facts underlying in the Bateleur Finance litigation, the State (of South Africa) filed charges that were first served on Jerry Couvaras in March, 2004 relating to activities over 10 years previous in South Africa from 1987 to 1993 of Armstrong Currie Tmst (Pty) Ltd. ("ACT"), and its corporate affiliates and Secure Financial Trust (Pty) ("SFT"). The revised Charge Sheet alleged that during various periods from March 1989 through approximately October 1992 either or both SFT and ACT accepted deposits against the debentures of ACT and SET and proceeded to lend capital to debtors in violation of the Banks Act, which was later repealed and superseded by the Deposit Taking Institutions Act ("DTI Acf'). On October 8, 2004, Jerry Couvaras and Basil Couvaras reached a settlement with the State of South Africa and entered into a Plea Agreement that acknowledged that the named individuals had: (a) obtained and relied upon a legal opinion from their local south African lawyers regarding the propriety of the raising and lending of funds by SFT and ACT; (b) committed the offense during 1989 to 1992 without intent; and (c) reached a separate personal agreement with the liquidators of ACT and South African asset forfeimre unit. In the Plea Agreement, the named individuals, nevertheless, pled guilty to one count of negligently violating Section 7(1) of the Banks act and Section 11(1) of the DTI act and personally paid a fine of USS190,000.00 and USS120,000.00, respectively, in lieu of any confinement. This matter has now been concluded with no direct effect on ABCI.

William G. Janacek; Rock Wing Entcmrises, L.L.C.; and Daily Bread Partners, Limited v. Atlanta Bread Company International, Inc. (United States District Court for the Southern District of Texas, Houston Division, Civil Action No. 01-0942), filed March 16, 2001. The Plaintiff, an

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Atianta Bread Company multi-store Franchisee, filed suit alleging that at his first Store he was misled as to the costs he would incur for the constmction of his Store, the viability of the site selected, was fraudulently led to believe that Atlanta Bread Company was a stable company, that Atlanta Bread Company would help him with financing, would provide appropriate and effective marketing and that his Store would be profitable, among other thing. Plaintiff sought recovery of alleged losses of $1,267,747.00 plus exemplary damages in an unspecified amount and attomey fees. In November of 2002, the matter was settled between the parties with the filing of a mutual dismissal with prejudice and each party paying its own costs and expenses.

Atlanta Bread Company Intemational, Inc. v. Nine Star Entcrprises, Inc. (United States District Court for the Northem District of Georgia, Civil Action No. 1-02-CV-2363), filed August 26, 2002. Plaintiff had terminated Defendants Franchise and License Agreement when it was discovered that Defendant had duplicated Plaintiff s Operating System at a site in another town near Defendants Atlanta Bread Company bakery café and was supplying Atlanta Bread Company product to the unauthorized location. Defendant continued to operate the restaurant after termination. At a hearing on August 30, 2002, the Court granted Plaintiff a Temporary Restraining Order requiring Defendant to de-identify his restaurant and remove all trademark, trade dress and logos identifying the site as an Atianta Bread Company bakery café. On December 15, 2003, the Court issued its Final Order granting Atlanta Bread Company $211,662 in trebled damages and $14,296.45 in costs against defendant Nine Star. The bakery café has since been re-franchised.

Atianta Bread Company Intemational, Inc. v. Custom Bakers, Inc. (United States District Court for the Northem District of Georgia, Civil Action No. 1-03-CV-1834), filed July 1, 2003. Plaintiff had terminated Defendant's Franchise and License Agreement when it was discovered that Defendant had duplicated Plaintiff s Operating system at a site in downtown Orlando near Defendant's Atlanta Bread Company bakery café and was supplying Atlanta Bread Company products to the unauthorized location. Defendant continued to operate the bakery café after termination. On March 30, 2004 the Court granted Plaintiff s Motion for Temporary Restraining Order. Plaintiff assumed operating responsibility of the bakery café while a new franchisee is sought. On December 17, 2004, the parties reached a settlement agreement whereby Plaintiff continues the operation of the bakery café while attempting to re-franchise the location. The litigation between the parties has been dismissed as a part of the settlement agreement.

In the Matter of Atlanta Bread Company Intemational, Inc., and Jerry Couvaras (New York State Department of Law Investor Protection Bureau, File No. F07-0355). In May, 2008, the New York State Department of Law initiated an inquiry into certain of our franchise selling practices in the State of New York. Specifically, the Department of Law alleged that we sold one franchise, resulting in the execution of a franchise agreement on November 1, 2006 and the payment of a $40,000 franchise fee, without having a duly registered offering prospectus accepted by the Department at the time of the sale. On June 2, 2008, we entered into an Assurance of Discontinuance Pursuant to Executive Law s. 63(15). We agreed, without admitting or denying the Attomey General's findings, to forthwith comply with the provisions of, and not engage in acts in violation of, the New York State Franchise Act and not to offer or sell franchises within or from the State of New York without a current registration. We also agreed to offer rescission to each franchisee that purchased a franchise within or from the State of New York while we were not registered with the Department. On June 11, 2008, we offered rescission to the franchisee that had purchased a franchise in White Plains, New York on November 1, 2006. We also agreed to pay the

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Department the sum of $2,500 pursuant to the Assurance of Discontinuance. The White Plains, New York franchisee that was offered rescission did not choose to rescind the franchise.

Atlanta Bread Company International, Inc. and Autumn Time, LLC v. Bryant Investment Properties, LLC, and Eugene Bryant (United States District Court for the Northern District of Georgia, Atlanta Division, Civil Action File No. 1:08-CV-2091). On August 8, 2008, Plaintiffs ABCI and Autumn Time file this lawsuit against Defendants, a former ABCI franchisee. On or about Febmary 15, 2008, ABCI terminated Defendants' Franchise and License Agreement for failure to pay royalty fees and advertising fees. After the termination, Defendants continued to operate a bakery/cafe, using ABCI's trademarks, trade dress and proprietary operating system, at the site of the terminated ABCI bakery/cafe. The complaint contains claims against Defendants for, among others: (1) breach of contract for Defendants' unauthorized use of ABCI trademarks, trade dress and system and failure to pay fees and report gross sales, (2) federal and common law trademark infringement, (3) misappropriation of trade secrets, (4) unjust enrichment, and (4) violation of the Georgia Uniform Deceptive Trade Practices Act for engaging in acts that cause actual confusion or likelihood of confusion as to the source of Defendants' products and its affiliation with ABCI. ABCI and Autumn Time are seeking compensatory and punitive damages, preliminary and permanent injunctions against Defendants, an accounting of Defendants' revenues, and attorneys' fees and costs. ABCI and Autumn Time also ~~filed~~obtained a ~~motion for prc~~liminary injunction ~~seeking to onjoin~~cnjoining Defendants' continuing unauthorized use of ABCI's trademarks, trade dress and proprietary operating system during the duration of the lawsuit. On August 8, 2008, Defendants filed their response to the complaint along with counterclaims against ABCI and Aummn Time for fraud, breach of duty of good faith and fair dealing, negligent misrepresentation and unjust enrichment. Defendants are alleging that ABCI failed to adequately disclose re-branding plans before entering into a franchise agreement with Defendants. On or about August 4, 2009, ~~the Court~~ the Court issued its Final Order granting Judgment in favor of ABCI against the Defendants for $445,205.35.

Sean Lupton-Smith, Southlake Bread Company, LLC, Airport Bread Company, L.L.C., Concourse C Bread Company, LLC, Forsyth Bread Company, LLC and Knoxville Bread Company v. Atianta Bread Company Intemational, Inc. (Superior Court of Cobb County, State of Georgia, Civil Action No. 06-1-1404-05), filed Febmary 20, 2006 ("Lupton-Smith I") and Sean Lupton-Smith, Southlake Bread Company, LLC, Aimort Bread Company, L.L.C., Concourse C Bread Company, LLC, Forsyth Bread Company, LLC, and Knoxville Bread Company v. Jerry Couvaras, Basil Couvaras, Atlanta Bread Company Intemational, Inc., Springtime House, Inc., Europan, Inc. and Summertime House, Ltd. (Cobb County Superior Court, Civil Action File No. 06-1-1031805), filed December 20, 2006 ("Lupton-Smith II").

Lupton-Smith I and Lupton-Smith II were two civil actions filed as a result of Atlanta Bread's termination of Plaintiffs' Franchise and License Agreements after Plaintiff Lupton-Smith developed and opened a competing bakery/deli business. In Lupton-Smith I, Plaintiffs, who were former Atlanta Bread franchisees and owners of five (5) Atlanta Bread franchised bakery-cafés, sought a judicial declaration and determination that the restrictive covenants in the Franchise and License Agreements were unenforceable, and also sought damages (and attorneys' fees) for alleged wrongful termination of the Franchise and License Agreements. In Lupton-Smith II, the Plaintiffs filed suit against Jerry Couvaras, Basil Couvaras, Atlanta Bread and three affiliates of Atlanta Bread

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alleging that Atlanta Bread had improperly transferred assets that it purchased from Plaintiffs (the "Lupton-Smith Assets") to one of its affiliates, Europan, Inc. ("Europan"), and that Jerry Couvaras and Basil Couvaras had disregarded the corporate defendants' forms and operated each of the corporate defendants as alter egos of Jerry Couvaras and Basil Couvaras. Plaintiffs sought: (a) an order piercing the form of the corporate defendants so that, in the event Plaintiffs prevail against Atlanta Bread in Lupton-Smith I, Plaintiffs may collect from all defendants in Lupton-Smith II; (b) related equitable relief; and (c) punitive damages, attorneys' fees and expenses of litigation. Atlanta Bread filed a counterclaim in Lupton-Smith 1, seeking a judicial declaration that the Franchise and License Agreements were properly terminated for numerous independent grounds, and seeking damages for Plaintiffs' breaches of the Franchise and License Agreements.

On June 22, 2007, the trial court entered an order in Lupton-Smith I mling that: (1) the in-term and post-term non-competition covenants contained in the Franchise and License Agreements were unenforceable against the franchisee as unreasonable restraints on trade, and (2) whether Atlanta Bread properly terminated the Franchise and License Agreements based on Plaintiffs' improper disclosure or use of Atlanta Bread trade secrets was a question of fact for a jury to determine. These rulings were affirmed by the Court of Appeals of Georgia. On June 29, 2009, the Supreme Court of Georgia issued an opinion affirming that the non-competition covenants contained in the Franchise and License Agreements were unenforceable.

Following termination of Plaintiffs' Franchise and License Agreements, on June 26, 2006 Atlanta Bread acquired the tangible assets of and took over operation of the five former Lupton-Smith franchised locations. On November 13, 2009, the Plaintiffs and the Atlanta Bread parties reached a settlement of all claims in Lupton-Smith I and II, with no admission of liability by any party. Under the settlement, Atlanta Bread purchased all of Plaintiffs' remaining assets including but not limited to rights, title, interest and any intellectual property associated with the Plaintiffs' five former franchised bakery-cafés, on the following terms: (a) the immediate payment by Atlanta Bread of two million dollars ($2,000,000.00); (b) delivery by Atianta Bread to Plaintiffs of (i) a promissory note in the amount of one million dollars ($1,000,000.00) ("Note I") to be paid on or before the earlier of May, I, 2010 or ninety days after the certification of the 2009 financial statements of Atlanta Bread by independent accountants, and of (ii) a promissory note in the amount of two and one-half million dollars ($2,500,000.00) ("Note II") to be paid over sixty (60) months beginning December 1, 2009, and (c) a contingency payment in the amount of Five hundred Thousand Dollars ($500,000.00) in the event Atlanta Bread is able to secure renewal leases for one or both of the Plaintiffs' former bakery-cafés located in the Hartsfield-Jackson International Airport ("Lease Contingency"). Atlanta Bread's affiliate, Europan, Inc., has guaranteed the obligations of Atlanta Bread under Note, I, Note II and the Lease Contingency.

Atlanta Bread Company International, Inc. v. Doughworx, LLC., (In the Circuit Court of For the County of Macomb, State of Michigan, Civil Action File No. 09-3168-CK). Atlanta Bread Company International, Inc. ("ABCI") filed suit against Doughworx, LLC ("Doughworx") alleging that Doughworx had breached its agreement with ABCI by, among other things, failing to reporting its gross sales and failing to pay ABCI royalty fees and advertising fees. In response, Doughworx filed a seven count counterclaim in the suit alleging, among other things that ABCI had violated the disclosure provisions of the Michigan franchise statute and had breach the franchise agreement, had committed silent fraud, negligent misrepresentation and innocent misrepresentation in regard to

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ABCI's representations regarding the number of ABCI bakery cafés to be developed in the State of Michigan and that ABCI would provide appropriate and effective marketing. ~~Plaintiff seeks~~Doughworx sought recovery of alleged damages in excess of $25,000.00 plus court costs and attorney fees, rescission and such other relief as may be awarded. On or about April 21, 2010, Doughworx amended its counterclaim by withdrawing its claims alleging violations of the disclosure provisions of the Michigan franchise statute, silent fraud, negligent misrepresentation and innocent misrepresentation and has limited its claims to only those claims alleging breach of contract and violations of the covenant of good faith and fair dealing.

On or about June 16, 2010, ABCI and Doughworx entered into a settlement agreement relating to this litigation that provided that Doughworx pay to ABCI the amount of five thousand ($5,000.00) dollars and agree to a consent judgment in the amount of one hundred and twenty-five thousand ($125,000) dollars, on which ABCI agrees not to execute. Except as otherwise provided, each party agree to pay its own cost and expenses. ~~The Consent Judgment, incorporating the settlement agreement is to be filed in November, 2010~~

Atlanta Bread Company International, Inc. v. RGC Restaurants, Inc., West End Bread Corp and Robert G. Cox, Chancery Court, Hamilton County, Tennessee Case No. 09-0846. Filing date: October 22, 2009. Atlanta Bread Company International, Inc. ("ABCF') filed suit against RGC Restaurants, Inc., West End Bread Corp and Robert G. Cox, franchisee, a related entity and individual guarantor (collectively the "Franchisee") alleging that Franchisee had breached its agreement with ABCI by, among other things, failing to pay ABCI royalty fees and advertising fees. In response, on or about May 4, 2010, Franchisee filed a two count counterclaim in the suit alleging, that ABCI had breach the franchise agreement, by failing to use reasonable care to select franchised locations and by failing to advertising or market in the Franchisee's market and had breach the implied covenant of good faith and fair dealing. On or about September 10, 2010 ABCI and Franchisee entered in to a Settlement Agreement and Release relating to this litigation that included the following terms: (a) immediate initial payment of twenty thousand ($20,000.00) dollars by Franchisee to ABCI and (b) contemporaneously delivery by Franchisee to ABCI of a promissory note in the amount of sixty thousand ($60,000.00) dollars with interest accruing at the rate of Six (6%) percent per annum, to be paid in twenty-three equal monthly installments and one final balloon payment of the balance of principal and accrued interest. The promissory note is secured by a mortgage on the Franchisee's principal's residence. Except as otherwise described herein, each of the parties is to paid its own costs and expenses. In addition, on or about September 10, 2010, an order of dismissal was filed that dismissed all claims with prejudice.

Other than the actions listed in this Item 3, no litigation is required to be disclosed in this Disclosure Document.

Item 4

BANKRUPTCY

Neither we nor any parent, predecessor, affiliate, officer or general partner of ours, or any other individual who will have management responsibility relating to the sale or operation of franchises offered by this Disclosure Document, has, during the ten (10) year period immediately

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preceding the date of the Disclosure Document: (a) filed as debtor (or had filed against it) a petition under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the U.S. Bankruptcy Code; or (c) been a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition under the U.S. Bankruptcy Code, or that obtained a discharge of its debts under the U.S. Bankruptcy Code, while or within one (1) year after, the officer or general partner held the position in the company or partnership.

Item 5

INITIAL FEES

You must sign a Franchise Agreement with us and pay us an initial franchise fee. You will be required to pay us an initial franchise fee equal to $40,000 for the first bakery/cafe franchised by you and $30,000 for each subsequent bakery/cafe franchised by you. The initial franchise fee is payable at the time of the signing of the Franchise Agreement and cannot be paid in installments. The initial franchise fee is fully earned when the Franchise Agreement is signed~~—~~, and is not refundable except as provided below.

During 2011, we are offering an incentive known as Franchise Drive 2011, under which we agree to provide you with a refund of your entire initial franchise fee, a $5,000 baked goods credit, and a $20,000 equipment subsidy, if your new franchised bakery café is open on or before June 30, 2012. The refund of the initial franchise fee will be applied in the form of a credit against royalty fees that would otherwise be owed by you to us as a percentage of gross sales. The $5,000 baked goods credit will be a one-time $5,000 credit on the purchase price of baked goods sold to you through our approved distributor, which credit will be provided on the distributor's first invoice(s) to you. The one-time equipment subsidy of $20,000 for store equipment obtained by you through specific approved vendors will be paid by us within ten (10) days after you open your bakery-café.

If your Franchise Agreement is terminated during the Pre-Opening Period before your bakery/cafe opens because of your death, if you are a natural person, or because you are unable to obtain all necessary permits and licenses during the Pre-Opening Period as a result of causes beyond your control (unless the requirement for the issuance of those permits and licenses is waived in writing by Franchisor), then we are entitled to retain one-third (1/3) of the initial franchise fee, and two-thirds (2/3) of the initial franchise fee will be refunded to you within thirty (30) days of the date of termination of the Franchise Agreement. Once your bakery/cafe opens, or in the event of expiration or termination of the Franchise Agreement for any other reason, the initial franchise fee is not refundable~~. The initial franchise fee is non-refundable in all other circumstances~~., except as provided under the Franchise Drive 2011 program. We will not under any circumstances be required to refund or reimburse you for any other costs incurred during the Pre-Opening Period, including construction costs, build-out costs or relocation costs, except as provided under the Franchise Drive 2011 program.

If we authorize you to develop multiple units under the terms of a Multi-Unit Development Agreement, the franchise fee for the first unit is $40,000.00. However, for the right to reserve the territory to be developed, you will be required to pay a negotiated non-refundable fee for each additional unit to be developed under the Multi-Unit Development Agreement. The amount you

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pay for each additional unit under the Multi-Unit Development Agreement will be a credit toward the full fee of $30,000.00 due for the second and subsequent units as each additional unit opens. If you fail to open all of the units you contracted to open or you do not open the units within the time required, any exclusivity or right of first refusal you may have been granted in the Multi-Unit Development Agreement will lapse and the entire territory reservation fee will be forfeited and non-refundable.

In addition, if any city, county, state or other political jurisdiction levies a tax or charge against us based upon the amounts paid by you, you must pay the tax or charge. You are not required to pay a fee for your initial training, which will take place prior to the opening of your bakery/cafe, but you will be required to pay for all transportation, lodging, meals, salaries and any other costs and expenses related to your and certain of your employees' training.

We use the initial franchise fee to pay for travel and other expenses incurred in locating and developing potential sites and to offset some of the costs incurred in promoting and selling franchises.

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Item 6

OTHER FEES

There are other recurring or isolated fees or payments besides your franchise fee which you must pay to us, or that we impose or collect in whole or in part on behalf of third parties. The following table outlines such fees or payments, the formulae used to compute them, whether or not such fees are refundable, and, if they are refundable, under what conditions they are refundable. This table does not represent your total financial obligation. The only fees listed below are those that are imposed by and payable to us. We or our affiliates may implement an automated clearing house (ACH) transfer system that will collect all fees due to us and our affiliates, including a monthly business data analysis holding fee that will be paid to our preferred point of sale (POS) vendor for the holding and storage of sales data from your ABC bakery/cafe. (See Section 2.4, Franchise Agreement.)

Name of Fee	Amount	Due Date	Remarks
Royalty (2)	~~5% of gross sales~~5% of gross sales, subject to potential credit for a refund of initial franchise fee that would be applied as an offset initial royalty fees (3)	On or before close of business on Thursday of each week following the previous week's business activity	Gross sales includes all revenue from sales from all business conducted at the bakery/café.
Store Lease and Rent	If we control the property, you must pay the base rent plus $150.00 per month for real estate development and liability assumed by us, plus monthly escrow payments for taxes and insurance at our option	Payable on the first day of each calendar month in advance	This fee arises only in the limited case where we are the primary tenant under a lease, and collect rent from you on behalf of a landlord.

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Name of Fee	Amount	Due Date	Remarks
Covered Employee Interference Liquidated Damages	30% of then-current annual salary (including bonuses) of such employee	Immediately	You must pay the amount indicated if you solicit for employment or employ one of our or our affiliates' employees (or a person who has been employed with us or our affiliates during the 90-day period prior to you soliciting or employing them), or if you induce any such employee to leave employment with us or our affiliates and work for a competitive business, during the franchise term or during the 18 months thereafter. See ~~Sections 17.2 and 22.2~~Section 14.4 of the Franchise Agreement.
Late Charges and Interest (~~3~~)4)	All amounts shall bear interest after their due date at the rate of one and one-half percent (1.5%), or the maximum rate permitted by law, whichever is less. In addition to interest, we may charge a late fee on overdue payments of $75, or the maximum rate permitted by law, whichever is less.	Immediately	Payable on all overdue amounts. See Section ~~2~~.7 of the Franchise Agreement.

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Name of Fee	Amount	Due Date	Remarks
~~Insufficent~~Insufficic m Funds Fee	$75 or maximum amount permitted by law, whichever is less	Immediately	For each check, automated bank draft payment, or other payment that is not honored by your financial institution.
Advertising	3% of your weekly gross sales to us	On or before close of business on Thursday of each week following the previous week's business activity	We pool these funds with payments from all franchisees for system - wide advertising.
Local Advertising	1% of your annual gross sales	You must spend this amount annually on advertising for your store	We do not collect this fee, unless we determine that you have not spent this amount in any calendar year.
Co-operative Advertising (~~4~~)5)	Minimum of 1% of gross sales	Monthly	If we establish a local or regional advertising co-operative, we can require you to pay this fee to the co-operative (which amount will be credited against your local advertising requirement~~)~~.
Grand Opening Advertising	$15,000.00	Prior to beginning of second month of operation of franchise	This is the minimum you must spend on Grand Opening Advertising and Promotions.

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Name of Fee	Amount	Due Date	Remarks
Additional Training	Acmal costs, including travel, lodging and meals	Upon your request, or our requirement	We train you, your manager and your baker for no fee before you open your bakery/cafe.
Extraordinary Assistance	Reasonable fee to be determined by us	As incurred	We reserve the right to charge you a reasonable fee for unusual, extensive or extraordinary assistance requested by you and/or require you to reimburse us for expenses incurred by us in connection with providing such services.
Remodeling	Reasonable cost to upgrade bakery/cafe	When remodeling is complete	Once every 5 years, as required by the terms of the Franchise Agreement. These costs are not payable to us.
Baker Assistance	Salary of ABCI-provided baker plus expenses, including travel and transportation costs	As incurred	This fee is payable if we temporarily provide you with a baker in the operation of your bakery/cafe.
Attorney's Fees	Will vary under the circumstances	As incurred	Payable upon your failure to comply with the Franchise Agreement.
Indemnification	Will vary under the circumstances	As incurred	You must reimburse us if we are held liable for claims arising from and/or if we choose to pay your creditors for goods or services provided to you in the

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Name of Fee	Amount	Due Date	Remarks
			course of your operation of the bakcry/~~ea~~cafécafé, and defend us against such claims.
Transfer	If transferee receives a full franchise term (at our option), then the fee will be equal to the then-current initial franchise fee. If transferee receives the remaining term of the transferor (at our option), then the fee will be equal to 33 1/3% of the then-current initial franchise fee	Prior to closing of transfer	Fee covers the cost of preparing documents for the termination of your agreement and closing your accounts, and the cost of approving new franchisee and the cost of training for the new franchisee.
Renewal	$30,000.00, or the minimum then-current initial franchise fee in effect at the time of renewal	No later than 30 days prior to renewal of your Franchise Agreement.	This is your consideration for our renewal of your franchise license.
Audit	Our cost of audit if audit reveals understatement of gross sales or underpayment of 2% or more	Immediately	If an audit or inspection discloses an understatement of two percent (2%) or more in any report of gross sales or any payment to us, you shall reimburse us for any and all costs and

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Name of Fee	Amount	Due Date	Remarks
			expenses relating to the audit or inspection.
Franchise Manuals	$500	Upon receipt of any replacement copies provided to you.	Cost of replacement copy. There is no fee for your first set.

Notes to the above chart:

1. All fees in the above chart are imposed by and payable to us or our affiliates. All fees in the above chart are non-refundable, except as provided for under our Franchise Drive 2011 program as described in Item 5 and in some of the footnotes to Item 6.

2. Gross Sales are defined as:

a. all receipts (cash, cash equivalents or credit) or revenues from sales from all business conducted upon or from the Bakery/Cafe premises, whether evidenced by check, cash, credit, charge account, exchange or otherwise, including, but not limited to, amounts received from the sale of goods, wares and merchandise (including sales of food, beverages and tangible property of every kind and nature, promotional or otherwise), and from all services performed from or at the Bakery/Cafe premises. Gross sales shall not be reduced by any deductions for cash shortages incurred in connection with the transaction of business with customers, credit card company charges or theft, which is reimbursed by insurance or is not reported to the appropriate police authorities. Each charge or sale upon installment or credit shall be treated as a sale for the full price in the week during which such charge or sale shall be first made, irrespective of the time when Franchisee shall receive payment (whether full or partial) therefore.

b. Gross Sales shall not include: (i) the sale of goods for which cash has been refunded or not received, or allowances made for goods, if the sales of any such returned or exchanged goods shall have been previously included in gross sales, (ii) the amount of any sales tax imposed by any federal, state, municipal or other governmental authority directly on sales and intended to be collected from customers, provided that the amount thereof is added to the selling price and actually paid by the Franchisee to such governmental authority, (iii) the sale of goods for which a gift certificate is redeemed, provided that the initial sale of said gift certificate shall have been previously included in gross sales, (iv) the sale of waste products of the Bakery/Cafe, (v) proceeds from the sale of equipment or fixtures, and (vi) any revenues generated or earned from any pay telephones and/or newsstands located in or on the premises.

3. ~~Interest to be computed from the due date or the date of the underpayment~~Under our Franchise Drive 2011 program, if you sign a franchise agreement in 2011 and open your bakery

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café by June 30, 2012, then you will be entitled to take a credit, in the amount of the initial franchise fee that you paid, which credit will be applied as an offset against royalty fees which otherwise would be owed. Once the credit amount is used up, you would commence paying royalties as 5% of gross sales.

~~4~~4. Interest to be computed from the due date or the date of the underpayment.

5. We do not currently operate any advertising co-operatives; however, we have the authority to cause advertising co-operatives to be formed, merged, or dissolved in the future. (See Item 11)

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Item 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Expenditures	Bakery/Cafe Estimated Low-High Cost Range	When Payable	Method of Payment	Whether Refundable	To Whom Paid
Franchise Fee (1)	$30,0000 - $40,000	Upon signing Franchise Agreement	Lump Sum	Only under situations set forth in Item 5	Us
Leasehold Improvements (2)	Fee will vary by condition of the property acquired.	As Incurred	As Agreed	No	Us or 3rd Party
Furnishings, Fixtures, Equipment & Millwork (3)	$275,000 - $385,000	Upon Purchase or As Agreed	Lump Sum or As Agreed	No	Outside Suppliers
Design and Construction (including signage and floor plans) (4)	$225255,000 -$500,000	As incurred	Lump Sum or As Agreed	No	Outside Contractor
First Month's Rent (5)	$5,000 - $10,000 depending on the size and location of your Store.	At the first of the month	Lump Sum	Per Agreement	Us or 3rd Party
Security Deposit (6)	$5,000 - $10,000 depending on the size and location of your Store	Prior to the opening of your Store	Generally, Lump Sum	Per Agreement	Us or 3rd Party
Opening Inventory and Supplies (7)	$13,000 - $18,000	Upon Purchase or As Agreed	Lump Sum or As Agreed	No	Outside Suppliers or Distributor
Grand Opening Advertising (8)	$15,000 (minimum)	Upon lease execution	Lump Sum or As Agreed	No	3rd parties
Training Expenses (including travel, meals and accommodation) (9)	$7,700 - $19,300	As Incurred	As Incurred	No	Your Employees
Deposits (Utilities, Telephone, etc.) (10)	$1,000 - $3,000	Upon Connection of Services or Utilities	Lump Sum	Yes, Subject to Suppliers Terms	Outside Suppliers
Licenses and Permits and Impact Fees (11)	Will vary from community to community	Upon Application	Lump Sum	No	Applicable Government Agencies
2 Week's Payroll (12)	$12,000 - $16,000	Weekly or Bi-weekly	Lump Sum	No	Your Employees
3 Month's Additional Funds and Working Capital (13)	$8,000	As Incurred	As Incurred	No	Contingent

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Expenditures	Bakery/Cafe Estimated Low-High Cost Range	When Payable	Method of Payment	Whether Refundable	To Whom Paid
Insurance (14)	Approx. $2,000 - $3,000	As agreed	As agreed	No	Carrier
TOTAL ESTIMATED INITIAL INVESTMENT (15)*	~~$653~~633,700 - $1,027,300				

We rely on our experience in locating sites, developing property, constructing stores, and operating bakery/cafes to compile these estimates. These figures will vary depending on among other factors, your section of the country, your urban location, local labor requirements and local jurisdictional requirements. These estimates are based on our standard construction and layout configurations. The "Total Estimated Initial Investment" may also depend upon the amount of the tenant improvement allowance paid by the Landlord for the construction costs listed in "Leasehold Improvements" above. If you chose to select upgraded or premium construction products, fixtures and equipment for your store, your final costs could at the conclusion of your construction process substantially exceed our high range figure. We do not discourage your upgrade of your bakery/cafe but we do not expect or encourage you to exceed our specifications for your build-out. You should review these figures carefully with your business accountant or advisor and verify the various costs for your area before making any decisions to purchase the franchise.

Notes to the above chart:

1. This fee is paid when the Franchise is executed. This initial franchise fee is refundable only under the circumstances set forth in Item 5, and explained in ~~Section~~Sections 2.1 and 2.9 of the Franchise Agreement. Under our Franchise Drive 2011 program described in Item 5, you may be entitled to a refund of your entire initial franchise fee. If you are executing an ABC Multi-Unit Development Agreement, $40,000.00 for the first unit will be paid along with additional negotiated fees in an amount that is a function of the number of units to be developed under the terms of the Multi-Unit Development Agreement. A pro-rata portion of additional negotiated fees will be a credited toward each $30,000.00 fee for the second and subsequent units. The remaining estimated expenses on the chart are applicable as to each individual unit subsequently opened under the build-out schedule in the Multi-Unit Development Agreement.

2. This amount will vary based on the condition of the leasehold premises. Many of our bakery/cafe locations are built in existing structures, while many others are new build-outs. You will incur expenditures in this category if you take over space which was occupied by a prior tenant. It is difficult, if not impossible, to estimate what you might have to pay to improve existing property. Tenant improvement allowances, if any, paid to you may defray a portion of your build-out costs. However, this might result in increased rental expense during the life of your lease.

3. This is the average range for all your furnishings and fixtures, including counters, seating,

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accessories, menu boards and railing, proofer, ovens, refrigeration, display counters, beverage equipment, cash registers and computer, and coolers. Under our Franchise Drive 2011 program described in Item 5, you may be entitled to a one-time subsidy of $20,000, which subsidy is included in the low cost range calculation.

4. This is the average cost to construct your ABC bakery/cafe, as an interior outfit, according to our specifications including a fully operational bakery. The availability and amount of a tenant improvement allowance from the Landlord at your location will affect the final cost of construction and design of your Store as stated in note 2 above.

5. The amount of your first month's rent will depend on the size, condition and location of your bakery/cafe. Because our Franchise Agreement is for 10 years, your typical lease will be for 10 years, and should have additional 5-year renewal option periods. Your ABC bakery/cafe will vary in size from approximately 3,500 square feet to approximately 5,000 square feet. The cost of square footage ranges from approximately $17/square foot to $50/square foot, depending on the location of the space and the condition at the time of acquisition. Based on these figures, your base lease payments for an ABC bakery/café, excluding taxes, CAM and insurance, will be approximately $5000.00/month to $15,000.00/month. If we are the primary tenant under a master lease, and you are obligated to us for the lease payments, we will charge you an additional $150/month over the base rental.

6. The amount of your security deposit will depend on the size, condition and location of your bakery/cafe and the rate, if any, negotiated with your landlord.

7. Reinhart FoodService will sell you your bakery inventory. Reinhart ~~FoodService may~~ FoodService may also supply you with supplies such as napkins, beverages, deli foods and condiments. With the exception of proprietary bakery products produced exclusively by our affiliate Bake One, Inc., which you must purchase from Reinhart FoodService, you are allowed to purchase all your inventory and supplies from approved suppliers and vendors, provided they meet our strict standards of uniformity and consistency. The figure shown includes inventory for which you may have a 14 to 30 day pay delay and considers that you will have corresponding income from sales to off-set costs due for delayed payments. The low range cost estimate includes a $5,000 baked goods credit available under the Franchise Drive 2011 program. Please study the approval procedures for procuring inventory and supplies from outside vendors described in Item 8 of this Disclosure Document and Articles 5 and 6 of the Franchise Agreement.

8. You are required to spend a minimum of $15,000.00 for an ABC bakery/cafe grand opening. You must spend this amount no later than your second month of operation.

9. We cover the cost of training you, two managers and one baker prior to the opening of your ABC bakery/cafe. However, you must pay for all expenses such as meals, lodging and travel to and from our training program. We have not included the salary costs for you, but only for your employees during the training period. The low figure of $7,700 represents the estimated cost for a Metropolitan Atlanta area franchisee that would have no hotel expenses and reduced travel and meal expenses during training currently conducted at our Atlanta headquarters.

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10. This item covers miscellaneous opening costs and expenses, such as installation of telephones, deposits for electricity and related items, legal and accounting expenses and insurance premiums. All of these expenses may not be encountered in your particular part of the country. You should check with your local utility companies to ascertain their policies toward commercial deposit accounts.

11. You must obtain all necessary licenses, impact fees and permits required by law before opening your ABC bakery/cafe. Some of these licenses and permits include a business license, health code inspection, certificate of occupancy, beer and wine alcoholic beverage license and building permits. Code inspection, occupancy permits, impact fees and building permit costs may be included by your contractor in your construction costs outlined in Note 4 above and would not require duplicate payment of this item.

12. This figure is an average of your employee costs, and does not include bringing additional employees for training or a salary or draw for you while in training.

13. Additional funds and working capital will be necessary for additional expenses incurred.

14. Insurance is necessary for compliance with your lease and Franchise Agreement, the cost of which will generally be paid by you on an annual basis for such coverage required.

15. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors such as: how much you follow our methods and procedures; the allowances and discounts provided by landlords and/or vendors in your area of the country; your management skill, experience and business acumen; local economic conditions; the local market for your products and services; the prevailing wage rate; competition; and the sales level reached during the initial period.

*From time to time, we conduct test programs on items we may introduce as new menu offerings. If you are invited to participate as a test location or you request to participate as a test bakery/cafe, you may be required to install additional equipment, add inventory not usually found in the standard bakery/cafe, employ additional staff beyond what is otherwise required for operation of an ABC bakery/cafe and provide reports and sales information beyond what is required for operation of an ABC bakery/cafe and provide reports and sales information beyond what is required from other franchisees. Participation in a test program may result in an increase in the expenditures disclosed in various categories in this Item 7. Participation in test programs is strictly voluntary. Failure to volunteer as a test bakery/cafe will not subject you to sanctions or disparate treatments from other franchisees who do participate in test programs.

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Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You are obligated to operate your ABC bakery/cafe according to our "System Standards." System Standards may regulate, among other things, the types, models and brands of required fixtures, furnishings, equipment, signs, materials, and supplies to be used in operating your bakery/cafe, required or authorized products and product categories, and designated or approved suppliers of these items. We reserve the right to modify the standards and specifications from time to time in order to achieve our quality and uniformity goals. We may revoke or deny our approval of a supplier at any time for any reason in our sole discretion. Upon receipt of written notice of any such revocation or denial, you must cease to sell any disapproved product and cease to purchase from any disapproved supplier.

You must purchase or lease from a designated supplier or from a supplier approved by us (including manufacturers, distributors and other sources), all fixtures, equipment, furnishings, food products and related supplies which must meet our minimum standards and specifications. The approximate cost of equipment purchased in accordance with specifications represents approximately 20% to 28% of your total purchases in connection with the establishment of your store. The cost of all goods, inventory, supplies, fixtures and equipment that are required to be purchased in accordance with specifications represents approximately 35% to 40% of your total expenditures in connection with the operation of your ABC bakery/cafe. We will notify you in our Operations Manuals or other communications of our standards and specifications and/or names of approved suppliers.

You are required to purchase proprietary bakery products produced exclusively by our affiliate Bake One, Inc., from our preferred distributor, Reinhart FoodService, L.L.C., which is not an affiliate of ours.

In addition, we have the right in our discretion, to require you to offer only certain brands of cola and other soft drinks, post-mix products, teas and waters. We may change this designation at any time. With the exception of certain limited products, The Coca-Cola Company is our exclusive beverage supplier. At the present time, you will be required, pursuant to the provisions of, and during the term of, the Beverage Marketing Agreement between Atlanta Bread Company and The Coca-Cola Company, to purchase all of the designated approved beverage products of The Coca-Cola Company in the manner as provided in the Beverage Marketing Agreement. Per the terms of the Beverage Marketing Agreement, The Coca-Cola Company paid ~~$252,724.24~~178,236.68 to the ABCI advertising fund for our fiscal year ended December 31, 2010~~.2009.~~ This figure was derived from the advertising fund's internal accounting records.

For our fiscal year ended December 31, 2010~~2009~~, Bake One's gross revenues from the sale of products for distribution to our franchisees, company owned-stores and private sales were ~~$6,749,853.~~5,624,886.00. This figure was derived from Bake One's internal accounting records.

We currently do not have any purchasing or distribution cooperatives that have been created for us or our franchisees. We do not currently operate any advertising cooperatives, but we reserve

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the right to cause advertising cooperatives to be formed, changed, dissolved or merged in the future. If and when formed, all ABC bakery/cafcs will be required to join and participate in their respective designated market areas.

Any product or packaging used by any ABC bakery/cafe which has our name or any of our trademarks on it must meet certain specifications, and we must approve it. We recommend certain suppliers of various products and packaging, and we reserve the right to receive revenues from approved manufacmrers that include customary discounts and/or volume rebates for goods sold. We provide no material benefits to franchisees based on their use of designated or approved sources. A list of the approved suppliers is provided in the Operations Manuals. Please refer to Articles 6 and 8 of the Franchise Agreement for requirements pertaining to approvals.

We formulate our required specifications and standards for all goods and services required to be purchased by our franchisees as described in this Item 8 based upon our experience as a franchisor and operator of ABC bakery/cafes. All such specifications and standards are uniformly imposed by us on our franchisees to the extent applicable and are not applied in a discriminatory manner. We select our suppliers based upon the quality and pricing of the goods and services to be offered to our franchisees.

In evaluating products, among the many factors we may consider are a product's safety, specifications, consumer demand, efficacy, reputation, manufacturer, prominence in the market, competifive position, availability to all ABC bakery/cafes, price, profit margins, and competitiveness with other products wc sell or approve. We also will consider whether a product fits within our current or potential marketing and merchandising programs and other business factors. We have no duty or obligation to approve a product or to continue to approve a product, even if it reasonably satisfies all of these criteria. Wc rcscrvc the right to grant and to revoke our approval of any product at any time for any reason.

APPROVAL OF ALTERNATE SUPPLIERS

You must purchase or lease all equipment, inventory, fixtures, signage, and other products and materials required for the operation of your bakery/café only from suppliers (including distributors, manufacturers, and other sources) which we approve. Wc may approve or disapprove any supplier (including proposed or existing suppliers) at any time for any reason in our sole discrefion.

In evaluating a supplier or proposed supplier, among the many factors we may consider are the criteria we use to evaluate products; the supplier's financial capacity; the supplier's ability and willingness to supply all ABC bakery/cafes and provide indemnification and insurance to protect us and our franchisees against claims; the quality of its production facilities; frequency of deliveries; reputation; competitive position vis-à-vis us and our affiliates; the number and type of claims made against the supplier; and willingness to promote and support us and our franchisees and other business factors. We have no duty or obligation to approve a supplier or to continue to approve a supplier even if the supplier satisfies all of these criteria. We reserve the right to grant and to revoke our approval of any supplier at any time for any reason.

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If you desire to purchase any items from a then-unapproved supplier, you may submit to us a written request for approval. We may condition our consideration of a supplier upon, among other things, our representatives personally inspecting the proposed supplier's facilities and upon our testing samples of the product supplied by the proposed supplier. We may impose a charge to test or inspect the products and the proposed suppliers' facilities. We reserve the right to grant and to revoke our approval of any supplier at any time for any reason in our sole discretion.

ISSUANCE AND MODIFICATION OF SPECIFICATIONS

To ensure a uniform image and uniform quality of products and services throughout the Atlanta Bread Company System, you must strictly conform to our currently or later prescribed methods, standards, and specifications. We formulate standards and specifications based upon what we, in our subjective opinion, determine is best to further our mission statement. Our methods, standards and specifications are found in the Manuals or otherwise in writing and are issued to our franchisees and, as applicable, to our approved suppliers. You must not use or sell products, materials, fixtures, equipment, supplies, forms, and other items which we have not expressly approved in writing.

In your franchised ABC bakery/cafe you must maintain the minimum inventory of products we publish in the Manuals or otherwise in writing at all times, which may be modified by us from time to time in writing.

We have and will in the future continue to negotiate purchase agreements with suppliers for the benefit of franchisees. If you want to use any item that does not comply with our System Standards or is to be purchased from a supplier that has not yet been approved, you must first submit sufficient information, specifications and samples for us to determine whether the item complies with System Standards or the supplier meets approved supplier criteria. We have the right to charge you a reasonable fee to cover the costs we incur in making this determination and will, within a reasonable time, nofify you of our decision. We will, from time to time, establish procedures for submitfing requests for approval of items and suppliers, which will be supplied to franchisees upon request, and may impose limits on the number of requests for new approved items and/or suppliers. After you request approval of an item or supplier, we will generally notify you within 30 days of our approval or disapproval. If there is no notification then any request will be deemed disapproved. Approval of a supplier may be conditioned on requirements relating to product quality, frequency of delivery, standards of service and concentration of purchases and may be temporary, pending our further evaluation of the supplier. Except as specifically disclosed in this Item, we and our affiliates received no income from required purchases or leases in the most recent fiscal year.

COMPUTER SYSTEMS

You are not required to purchase any particular computer hardware; however, we require that you use a computer system in the operation of your ABC bakery/cafe so that we can communicate with you by e-mail and computer generated fax. You are required to maintain an electronic cash register, computer systems, and/or other Point of Sale Devices (POS) in operating your bakery/cafe (See Item 11). Additionally, you are required to purchase software so that there is

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a consistent interface between your hardware and our hardware. During the year, you may be required to pay for maintenance, repairs, updates and upgrades to this software. Currently, your software must be compatible with the Micros system in use by us. In addition, all computer systems and/or other POS systems must be compliant with all statutory, administrative and association statutes, mles or regulations, including without limitation those statutes, mles or regulations relating to the processing and protection of confidential information, including, without limitation, the Payment Card Industry Data Security Standard (also known as the the-PCI Directive).

INSURANCE

You are obligated to obtain and maintain, at your own expense, such insurance coverage that we require from time to time. Our System Standards and/or other agreements may regulate the types, amounts, terms and conditions of insurance coverage required for your bakery/cafe and standards for underwriters of policies providing required insurance coverage; our protection and rights under such policies as an additional named insured; required or impermissible insurance contract provisions; assignment of policy rights to us; periodic verification of insurance coverage that must be fumished to us; our right to obtain insurance coverage at your expense if you fail to obtain required coverage; our right to defend claims; and similar matters relating to insured and uninsured claims. You currently are required to maintain, in the amounts we prescribe from time to time, comprehensive liability insurance coverage, including, but not limited to, property damage, bodily injury, business intermption, automobile liability and workers' compensation insurance coverage. The cost of this coverage will vary depending on the insurance carrier's charges, terms of payment and your history. All insurance policies must name us as an additional insured party. The amount of insurance coverage we require may not satisfy minimum requirements of the specific jurisdiction where your ABC bakery/cafe will be located and you should check with agents and advisors in your area for the specifics of local requirements. Your obligations relating to insurance coverage include the following:

INSURANCE	MINIMUM LIMITS OF LIABILITY
Workers' Compensafion	Statutory for your State
General Public Liability, including Product Liability, Injury and Liquor Liability (if applicable)	$2,000,000 per occurrence $5,000,000 in the aggregate
Fire Damage and Medical Expense	$100,000 for one fire $10,000 for one person Full replacement value
Automobile liability insurance (owned and non-owned)	$500,000 per person (for bodily injury) $1,000,000 per accident (for bodily injury) $100,000 per occurrence (property damage)
Comprehensive crime and blanket employee dishonesty insurance	Not less than $50,000

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All-risk property insurance, including theft and flood coverage (when applicable)	80% building 100% contents
Business intermption insurance	S50,000/month not less than six (6) months
Umbrella Liability Insurance	$5,000,000

(See Section 26 of the Franchise Agreement)

You are also required to obtain the services of a third party consumer evaluation organization (a "Mystery Shopper" service) at your expense which shall perform evaluations of your operating proficiency on at least a monthly basis, and one copy of any such evaluations must be supplied to us at our service center address. The name of suggested consumer evaluation services will be provided in the Operations Manuals from time to time.

Item 9

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

Obligation	Article in Franchise Agreement	Section In Multi-Use Development Agreement	Item in Disclosure Document
(a) Site selection and acquisition/lease	4 and 5	5 and 6	6, 7, 8 and 11
(b) Pre-opening purchases/leases	4, 5 and 6	6	7 and 8
(c) Site development and other pre-opening requirements	1, 2, 4, 5~~, 6,~~ and 44<u>6</u>	8 and 9	6, 7 and 11
(d) Initial and ongoing training	5	10	7 and 11
(e) Opening	5 and 6	11 and 12	7 and 11
(f) Fees	1, 2, 8, 9 and 11	3	5, 6 and 7
(g) Compliance with standards and policies/operating manual	3, 6 and 7	11	8, 11 and 14
(h) Trademarks and proprietary information	2~~8~~12, 13, and 19	12	13 and 14

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Obligation	Article in Franchise Agreement	Section In Multi-Use Development Agreement	Item in Disclosure Document
(i) Restrictions on products/scrvices offered	4 and 6	11	8 and 16
(j) Warranty and customer service requirements	4 and 6	n/a	11
(k) Territorial development	n/a	1 and 4	I
(l) On-going product/service purchases	4 and 6	n/a	8
(m) Maintenance, appearance and remodeling requirements	3, 4 and 6	n/a	8 and 11
(n) Insurance	~~26~~17	n/a	6, 7 and 8
(o) Advertising	8	n/a	6, 7 and 11
(p) Indemnification	~~25~~16	n/a	6
(q) Owner's participation, management & staffing	6	n/a	11 and 15
(r) Records & reports	9	n/a	6
(s) Inspections & audits	6 and 9	9	6 and 11
(t) Transfer	11	~~16~~17	6 and 17
(u) Renewal	1	~~2, 17~~18	17
(v) Post-termination obligations	~~30~~21	14	17
(w) Non-competition covenants	12, 13, ~~14, 15, 16, 17, 18, 19, 20, 21, 22, 23~~ and ~~2+~~14	~~n~~/a16	15 and 17
(x) Dispute resolution	~~31~~22 and ~~32~~23	~~48~~19	17

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Item 10

FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation. Additionally, we have never received any fee from any person for the placement of financing with such person. However, your Franchise Agreement grants us a security interest in your assets to secure the payment and performance of your duties and obligations under the terms of your Franchise Agreement. A UCC-1 Financing Statement will be recorded in the appropriate jurisdiction.

We may assist you in locating a financial institution willing to finance your bakery/cafe. Financing terms and interest rates will vary depending upon the financial institution and the financing program being offered. If financing assistance is available, the ability to procure such financing will be dependent upon your financial strength, and, if you are a partnership or a corporation, the lender may need additional information and personal guarantees from the individual partners or shareholders. We make no guarantees as to the availability of funds or terms that may be offered. If we assist you in locating financing, we may receive compensation for doing so, and we will tell you in writing what the terms of our compensation are; however, we do not currently have any written or oral arrangement with any affiliated or non-affiliated lending institution or company and do not know what percentage of any costs could be financed, at what terms, or whether we may actually receive a fee.

Item 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

Except as listed below, we are not required to provide you with any assistance. However, the assistance provided as set forth below is applicable for each bakery/cafe you open, whether opened individually or under the terms of a Multi-Unit Development Agreement.

OBLIGATIONS PRIOR TO OPENING

Before you open your Bakery/Cafe, we will provide the following assistance:

A. Site Selection: We will accept a location submitted by you for the site for your ABC bakery/cafe if the location meets our standards for accepted locations. We take into consideration such factors as population, competition (existing and known to be planned) within the trade area, proximity to existing Atlanta Bread Company bakery/cafes, the amount and flow of vehicular traffic, foot/pedestrian traffic, trade area evaluation, average income per household, general daytime and evening demographics, location visibility, site accessibility, parking, construction and development costs, lease terms and rental rates. Each location is considered on a case-by-case basis as no two sites are the same and other factors may be considered

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in evaluating a site. We will provide you with one copy of our standard plans for an existing bakery/cafe and specifications for the design and construction of an ABC bakery/cafe from which your architect will be required to produce a full set of architectural plans for the design and construction of your bakery/cafe. (Franchise Agreement, Section 4.1.a., 5.1 and 5.2) We treat the failure to agree upon a site the same as if we do not accept your proposed site.

B. Lease Negotiation: Once your site has been selected or accepted, you typically will be responsible for negotiating the terms of your own lease. You also will be required to negotiate all lease renewals. We do not have a standard lease agreement for use between you and us; however, we do have a suggested lease for use between you and a landlord. We may already possess a lease for a location, in which case we may decide to assign the lease to you. If we assign a lease to you, you will be responsible for all lease payments to the landlord, and we will retain the right to terminate your Franchise Agreement and retake the bakery/cafe if you default in your lease obligations. In some cases, we own, negotiate and enter into prime leases for new ABC bakery/cafe sites. Your lease payment to us will be $150 per month greater than our payment under the primary lease. (Franchise Agreement, Article 4)

C. Bakery/Cafe Unit Construction:

1. Typically, we provide you with one copy of our standard plans and specifications for the design and construction of an ABC bakery/cafe. You are required to construct your bakery/cafe at your expense, and the design and construction must comply with our standard plans and specifications. We have no responsibility for the development of construction plans or overseeing construction, except to assure construction according to our standard plans and specifications for your bakery/cafe. An architect will need to be hired by you to satisfy state and local codes. This hiring is your responsibility. (Franchise Agreement, Article 4)

2. The plans and specifications for the design and construction of your ABC bakery/cafe will include mandatory and suggested specifications and layouts for the unit, including requirements for dimensions, design, image, interior layout, decor, fixtures, equipment, signs, furnishings and color scheme. (Franchise Agreement, Articles 4 and 5)

3. We do not provide any assistance in complying with local ordinances or in obtaining any permits for your site or building and that responsibility should be included in your agreement with your architect and/or contractor.

D. Equipment, Fixtures, Inventory And Supplies: We will issue you a list of all necessary equipment, fixtures, inventory and supplies that you will need for the operation of an ABC bakery/cafe, but we are under no obligation to purchase or procure such items for you. (Franchise Agreement, Section 5.6)

E. Franchise Manuals: We will loan to you our Operations Manuals that contain

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mandatory and suggested specitications, standards and procedures for the operation of an ABC bakery/cafe. This Manual ~~is~~and the information in it arc contidential, ~~is~~arc not to be reproduced, disclosed, or distributed to any unauthorized person and ~~remains~~or used except as required to operate the Bakery Café, and remain our property. We have the right to modify or add to these Manuals, but the moditications will not materially alter your status and rights under the Franchise Agreement. A copy of the Operations Manual Table of Contents and the pages of the principal items therein are included as Exhibit **D**. (Franchise Agreement, Sections 5.5, 7.1, 12 and ~~7.1)~~13).

F. Financing: We do not provide financing to you for the start-up, operation or maintenance of your ABC bakery/cafe.

G. Advisory Assistance and Services; Store Opening: We will provide such initial and continuing advisory assistance as we, in our sole discretion, deem advisable in the opening of ~~your bakery/cafe.~~ your bakcry/cafc. We may provide personnel to assist Franchise during the opening week of the Bakcry Café. (Franchise Agreement, Sections 5.3 and 5.7).

H. Training: We do not supply any assistance in the hiring of any of your employees. We will, however, train 2 managers, 1 baker and 1 individual who must be the franchisee or a principal, prior to the opening of your bakery/cafe. Training will consist of direct participation and classroom instmction in a designated training unit. Such training is mandatory and is scheduled by mutual agreement between you and us. There is no set time before the opening of your ABC bakery/cafe that you must complete the required training, but we prefer that you complete training as soon as possible after the signing of your Franchise Agreement. This mandatory training must be completed, to our satisfaction, before you are allowed to open your ABC bakery/cafe.

Our corporate personnel, with average experience of four and one-half years experience with us (two of which each have an additional tive years of training experience within the industry), conduct all aspects of the training. There is no additional charge for your initial training; however, you are required to pay for the travel, food, lodging and wages of designated trainees while attending training school. (Franchise Agreement, Section 5.4) Generally, training takes place in Atlanta, Georgia. Before you open your ABC bakery/cafe, you will undergo approximately 8 weeks of training in one of our bakery/cafes in the Greater Atlanta Metropolitan Area. Our initial training program is as follows:

TRAINING PROGRAM

Subject	Day	Hours of Classroom Training	Hours of On-The-Job Training	Location
Orientation [1]	1	2	3	Atlanta, Georgia

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Marketing and Merchandising (includes pre-opening marketing)	1	2	2	Atlanta, Georgia
Purchasing	1-60	2	2	Atlanta, Georgia
Management Policies and Procedures (includes inventory, cost analysis, customer service)	1-30	8	24	Atlanta, Georgia
Baking	1-10	1	60	Atlanta, Georgia
Health Regulations	1-5	12	1	Atlanta, Georgia
Inventory	1-3	2	2	Atlanta, Georgia
Personnel	1-60	4	3	Atlanta, Georgia
Operations (includes food prep, front operations and catering training)	1-30[2]	4	300	Atlanta, Georgia

[1] Orientation on day 1 encompasses all of the subjects listed

[2] The total training time is up to sixty days. These areas are covered extensively and repeatedly.

OBLIGATIONS DURING OPERATIONS

During your operation of your ABC bakery/cafe, we will provide the following assistance:

A. Product Development: We will develop new products and methods periodically, and provide you with information about these products and methods. We encourage you to initiate new menu items and services, which must be approved by us before you offer them to the public. If such menu items or services are in keeping with our overall system concept, and are successful in your bakery/cafe, we may wish to implement them on a system-wide basis. All items that either we develop or you suggest or develop become the property of ABCI. (Franchise Agreement, Article 3)

B. Training and Assistance: We will advise you from time to time regarding operating issues conceming your bakery/cafe disclosed by reports you submit or inspections we make. In addition, we will provide guidance to you on standards, specitications and operating procedures and methods used by ABC bakery/cafes, including: purchasing required tixtures, fumishings, equipment, signs, products, materials and supplies; advertising and marketing programs; employee training; and administrative, bookkeeping and accounting procedures. This guidance will be at our discretion and will be fumished in our Operations Manuals, bulletins or other written materials and/or during telephone consultations and/or consultations at our office or your bakcry/cafc. Although we will periodically counsel and advise you in the operation of your bakcry/cafc, we do not provide, on a regular basis, any

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additional training programs or refresher courses. If we do offer additional training programs, participation will be at your option and expense (Franchise Agreement, Sections 5.3, 5.4, 5.9 and 5.410).

~~C~~C. Store Inspecuons: From time to time, wc or our agent or designee shall inspect your bakery café to evaluate compliance with the System, Manuals and Agreement, and shall provide you with a report of the results. (Franchise Agreenient Section 5.8)

D. Pricing: We do not require you to charge a certain price for any item; however, to the extent permitted by law, we have the right to establish maximum prices for any given product or service. We will assist you in your determination of prices by supplying you with a list of suggested retail prices. (Franchise Agreement, Section 5.~~7~~11)

DE. Improvements and Developments in Our Business: We may hold an annual conference for our franchisees to discuss sales techniques, personnel training, bookkeeping, accounting, inventory control, performance standards, new products, advertising programs and/or merchandising procedures. There is no conference fee, but you must pay for ail your travel, meals and lodging. These elective conferences are held at a location selected by us.

CASH REGISTERS AND COMPUTER SYSTEMS

We require that you procure and use desktop personal computers that have Intemet access and capabilities, fax machines, computerized systems, point of sale (POS) systems and other record-keeping facilities for uses as described herein. You must purchase or lease, install, use, maintain and upgrade such equipment for the purpose of performing cash register, bookkeeping, accounting or other functions related to the operation of your franchised bakery/cafe as set forth in your Operations Manuals. tii addhion, the POS system shall provide a record of products sold, a menu mix report, and other reports and records that we may require. All such equipment and systems must be compatible with our systems and be maintained in compliance with specifications set forth in the Operations Manuals. We require that you purchase a fax machine and maintain a dedicated fax telephone number for its use. We reserve the right to require the use of additional computers, software programs, intemet services, email and other computer technology as we reasonably determine. You are solely responsible for any maintenance or upgrades required to conform to our current standards and operating requirements. Neither we nor any third party has any contractual right or obligation to provide ongoing maintenance, repairs, upgrades, or updates to any required hardware component or software program, and there are no contracmal restrictions on the frequency or costs you might incur in maintaining your hardware components and software programs to our required specifications.

You must cause all sales to be registered on an electronic non-resettable cash register of a type specitied by us, and must provide to us access to permit reading of the running total of the cash register at any time we wish to conduct a cash register reading. We may require you to purchase computerized cash register systems which permit us access to various information, including your sales information, food costs, and labor costs. You must repair all malfunctions immediately and

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must follow our policies and procedures as established from time to time during any period during which the cash register is not fully operational. You must provide us with the serial number of each such cash register prior to using it, and must keep and preserve all cash register tapes, tape readings, and other mechanical or electronic recordings of cash register readings for the period of time and in a manner we require. Wc may inspect the cash registers without advance notice, during normal business hours. We will download ("poll") information through telephone hncs from your POS on a daily basis for reasons such as tracking of product mix and inventory needs on a system-wide basis. You must install and maintain a dedicated telephone line and modem for this purpose. We also require that you use a separate dedicated computer system in the operation of your bakery/cafe, for the sole purpose of operating the catering software. (Franchise Agreement, Article 6)

Currently, we require you to purchase your POS system from cither MICROS Systems, Inc. or Comtrex Systems Corporation. We estimate the cost of purchasing this computer system for your franchised bakery/cafe to be between $30,000 and S35,000.

Except for the POS system, there is no required hardware or software maintenance or support. However, you may be required to purchase updated hardware or software from time to time if your current version is not then currently supported by the vendor or compatible with our systems. There are no contractual limitations on the frequency and cost you might incur in updating or upgrading required hardware components or software programs. In addition, all computer systems and/or other POS systems must be compliant with all stamtory, administrative and association statutes, rules or regulations, including without limitation those stamtes, rules or regulations relating to the processing and protection of confidential information, including, without limitation, the Payment Card Industry Data Security Standard (also know as the the-PCI Directive).

ADVERTISING

We do not currently provide franchisees with store-level advertising assistance for their individual bakery/cafes, and we are not obligated to provide you with store-level advertising assistance during the operation of your bakery/cafe; however, wc may provide guidance and suggestions. You may use your own store-level advertising materials, but only after we have approved them in writing. (Franchise Agreement, Article 8). We have limited acceptable advertising media to the following:

a. Newspapers, magazines and other such periodicals;
b. Radio, television and intemet;
c. Outdoor advertising by signs displayed on billboards or buildings; and
d. Handbills, flyers, door-hangers, ADVO materials and direct mail.

We currently operate an advertising fund, which we may cause to be changed, dissolved or merged. We require that all franchisees pay an advertising fee equal to three percent (3%) of their weekly gross sales (see Item 6). Currently, most company-owned locations also contribute to the fund on the same basis as franchisee locations of the same age. We reserve the right to reduce contributions of franchises or company-owned locations to the advertising fund, and upon notice, reduce the advertising fund's operation or terminate the advertising fund.

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We may use the advertising fees to provide local, regional and/or national advertising and promotion for the ABC bakery/cafes. Currently most of these promotions are done on a local/regional basis. This current practice does not obligate us with respect to the future, and we are not required to spend any amount on advertising in the area or territory where the funds were collected or where you are located.

In 20102009 we advertised in print, billboard, television and radio media. For the fiscal year ended December 31, 20102009, the advertising fund spent 79.6983.00% on production costs and media placement, and 20.3117.00% towards administration. We may be reimbursed for expenses incurred in any in-house production of advertising. Funds are generally not used in the solicitation for the sale of franchises. Any funds not spent in the current year are kept in the fund for use in subsequent years. We administer, make all advertising decisions, and audit the fund on an annual basis. Audited financial statements for the fund for the prior year's operations are available for your review upon request and may be obtained upon reasonable written notice to us at our corporate address. (Franchise Agreement, Section 8.1)

We do not currently have any advertising co-operatives, but we have the right to cause advertising co-operatives to be formed, changed, dissolved or merged in the future. If and when formed, all ABC bakery/cafes will be required to join and participate in their respective designated market areas. (Franchise Agreement, Section 8.7)

TYPICAL LENGTH OF TIME BETWEEN THE SIGNING OF THE FRANCHISE AGREEMENT AND THE OPENING OF YOUR BUSINESS

We estimate that the typical length of time between the signing of the Franchise Agreement and the opening of your franchised bakery/cafe may be as long as twelve (12) months. Various factors may affect the time period necessary to open your bakery/cafe, such as the ability to obtain a lease; obtaining acceptable financing; obtaining zoning and building permits and meeting other local ordinances and community requirements; and other conditions such as shortages, slow delivery, completion of construction, remodeling, decorating, purchasing and installing equipment, fixtures and signs.

Item 12

TERRITORY

The license we grant you is for the operation of a single bakery/cafe only at the location accepted by us. We typically offer you an exclusive territory of a 1 mile radius from the location where you operate your bakery/café (measured from the front door), unless you select a site which is identified as a "downtown" location, in which case we will negotiate with you any limited area of exclusivity in which we promise that we will not open another franchised or company owned bakery/cafe. In the event that you have not selected a site before you sign your Franchise Agreement, we will negotiate any grant of a limited area of exclusivity after the selection of your site and specify it by addendum to your Franchise Agreement. If we negotiate an exclusive territory, it may be measured by a radius from your bakery/cafe (such as a 1 mile radius), by absolute distance (such as feet, yards, or miles) in each "compass" direction (North, South, East, West and all combinations thereof), or by artificial or naturally occurring landmark (such as city

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boundaries, streets, rivers and public buildings). The ahering of this exclusive territory will only happen upon our mutual consent and is not dependent on a certain sales volume or any other condition.

There is no minimum sales quota within your exclusive territory. The continuation of your exclusive territory does not depend on achieving a certain sales volume, market penetration or other contingency. You maintain rights to your exclusive territory even though the population increases. As long as you are in compliance with your Franchise Agreement, neither we nor our aftiliates will operate or grant a franchise to any other person to operate an ABC bakery/care within your exclusive territory.

Your customers are not limited to the area of your location, nor should you expect that customers in your area are limited in patronizing only your bakery/cafe. You may solicit customers anywhere you choose. There are no restrictions on you, any of our other franchisees, or us to prevent any soliciting or advertising in your exclusive territory or someone else's franchise territory. No party is obligated to pay compensation to any other party for soliciting customers from any other franchisee's franchise territory. You have no right to sell any products or services from any location other than your bakery/cafe, and you may not use any altemative distribution channels to make sales outside or inside your exclusive territory, including, without limitation, operating or using a telemarketing, Intemet, mail order, direct mail, catalog, wholesale, distribution, direct sales, export or similar business or any other channel of distribution which permits customers to purchase and receive products or services without being present at your bakery/cafe location, except that you agree to operate a catering business, the boundary of which will be your exclusive territory unless wc agree otherwise in writing. You may not open kiosks, satellite locations or "wholesale" or cater to other food service sales entities of any type without our specific prior written approval and consent for such activity.

In the Franchise Agreement, we and our aftiliates reserve the right to establish and operate, or grant others the right to establish and operate, an ABC bakery/cafe at any location outside of your exclusive territory, regardless of the proximity of any of those locations to the territory or your franchised bakcry/cafe, on such terms and conditions as we, in our sole discretion, deem appropriate. We and our aftiliates also reserve the right to establish anywhere franchises and/or company-owned or aftiliate-owned food service businesses or outiets selling the same or similar products and providing the same or similar services (including within your exclusive territory) under names and symbols other than the marks wc authorize you to use in connection with the Atlanta Breach Company system. We and our affiliates also reserve the right to distribute and sell products and services identified by the marks that you will use in connection with the Atlanta Bread Company system, or any other marks, names or symbols, to any business, distributor, wholesaler, retailer, establishment, organization, club, outlet, individual consumer or customer located within or outside your exclusive territory, irrespective of the proximity to your bakery/cafe, through any distribution channel or method, including grocery stores, convenience stores, retail food stores, department stores, direct mail, mail order, catalog sales, kiosks, the Intemet (or any other existing or future form of electronic commerce), and delivery services; provided, however, that any such sales will not be made from an ABC bakery/cafe located in your exclusive territory. We also reserve the right to own, operate, franchise or license anywhere, even within your exclusive territory or otherwise in close proximity to your franchised bakery/cafe, food service businesses of any other

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type whatsoever operating under marks other than the marks we authorize you to use in connection with the Atlanta Bread Company system. In this respect, your exclusive territory is not exclusive. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. You are not entitled to any compensation for our exercise of any of the foregoing retained rights.

Relocation of your bakery/cafe requires our prior approval. If the lease for your bakery/cafe expires or terminates through no fault of your own, or if the site is destroyed, condemned or otherwise rendered unusable, or if there is a change in the character of the location of your bakery/cafe to warrant its relocation, we will allow you, at your cost, to relocate your bakery/cafe to a new location we accept prior to the relocation.

We may offer development agreements or other similar rights to acquire additional franchises. These development agreements are individually negotiated for a specitied number of ABC bakery/cafes built within a specitied period of time in a specific geographical area and are granted by separate contract. In the event that you do not fultill the terms of a development agreement, you will lose any rights granted for additional bakery/cafes under the development agreement, and this will also be a default under any existing franchise agreement entered into pursuant to the development agreement. A specitically limited exclusive territory is negotiated under the development agreement. If you negotiate a development agreement, you must open the bakery/cafes in the specified number of months stated in the development schedule attached to your development agreement and you must also open the prescribed number of bakery/cafes within the specified time periods. If you do not open the prescribed number of bakery/cafes within the time shown in your development schedule, then we may terminate your development agreement and open the territory to development by others.

Except as may be provided in a multi-unit development agreement, you have no right of tirst refusal or similar rights to acquire additional franchises or establish additional ABC bakery/cafes.

We currently have no plans to operate or franchise a business under a different trademark that will sell goods or services similar to those you will offer, although we reserve the right to do so.

By signing your Franchise Agreement you grant to us a right of first refusal to acquire your franchised bakery/cafe which we may exercise if you propose to assign or transfer any interest in the Franchise Agreement. If you are a legal entity, certain changes of ownership or extraordinary transactions such as a merger, consolidation or reorganization shall be deemed an assignment which triggers our right of tirst refusal.

Item 13

TRADEMARKS

In the Franchise Agreement, we grant you a license to use and display the trademarks, service marks, trade names and commercial symbols of the Atlanta Bread Company System (sometimes individually and collectively referred to as "Marks") solely in the conduct of your ABC bakery/cafe. You must use the Marks designated by us from time to time only in the manner

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preseribed by us, and you may not use our Marks as part of the name of a legal entity.

In September 2000 ABCI conveyed all of the then-cxisting Marks to its subsidiary Autumn Time, LLC. ~~ABCI has licensed the Marks from Autumn Time, LLC under an agreement that permits it to sub license them to you without any material restrictions. The license from Aummn Time to ABCI is for a term of one (1) yeur, automatieally renewable for additional one year terms thereafter. If you are awarded a Franchise Agreemcnt for an ABC bakery/cafe, you will be allowed to continue the use of the Marks until the expiration or termination of your Franchise Agreement even if Autumn Time terminates its licensc agreement with ABCI in the interim.~~ Effective December 30, 2010, Autumn Time was merged in the ABCI and all assets of Autumn Time were transferred to ABCI.

You may not use any other Marks in connection with the franchised bakery/cafe except those which we license to you. We reserve the right, in our discretion, to add, delete, substitutc and modify the Marks which wc license to you. You must bear any expense associated with any changes, additions, substitutions or moditications in Marks which we license to you. The following is a description of the status of our principal trademark registrations and applications with the United States Patent and Trademark Oftice ("USPTO"):

Federal Registrations

Description Of Mark	Registration Number	Principal or Supplemental Register	Registration Date
Atlanta Bread Company	2,524,665	Principal Register	January 1, 2002
Atlanta Bread Company	2,524,664	Principal Register	January 1, 2002
ATLANTA BREAD	2,886,287	Principal Register	September 21, 2004
ATLANTA BREAD	3,37[illegible]870	Principal Register	January 29, 2008
ATLANTA BREAD and Design	3,37[illegible]871	Principal Register	January 29, 2008
LITTLE MAN Design	3,45[illegible]681	Principal Register	June 13, 2008

As described in Item 1 of this Disclosure Document, we may, in the near future, change our tradename and trademarks and upon directivc to our franchisees, we will change our Marks to such new marks. We reserve the right in the Franchise Agreement, in our discretion, to add, delete, substitute and modify any Marks which we license to you. You must bear any expense associated with any changes, additions, substitutions or modifications in Marks which we license to you.

There are no effective determinations of the United States Patent and Trademark Oftice or Trademark Administrator of this state or any court, and there are no interferences, opposition or cancellation proeeedings or material litigation involving any of the applied for or registered trademarks.

There are no agreements in effect which signiticantly limit our right with respect to any of the applied for or registered trademarks in any manner material to you. There are no agreements

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currently in effect which significantly limit our right to use or license the use of any of the applied for or registered trademarks in any manner material to you.

We know of no prior rights or infringing uses that could materially affect your use of any of the applied for or registered trademarks.

You must follow our mles when you use these Marks. You cannot use a name or one of the Marks as part of your corporate or business name or with any modifying words, designs, or symbols without our prior written consent. You may not use any of the Marks in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us.

You must notify us promptly when you leam about an infringement of or challenge to your use of our trademark. We have the absolute right to take the action we think appropriate. You must not, under any circumstances, start any legal action relating to our Marks without tirst obtaining our written consent to do so.

We have the right at any time to discontinue or modify any of the Marks. You must modify or discontinue the use of any Marks if we modify or discontinue them. If this happens, you will be responsible for making any necessary changes to your signage or paper products and any advertising and promotional materials.

We are not obligated by the Franchise Agreement, or otherwise, to protect any rights which we have granted you to use the Marks or to protect you against claims of infringement or unfair competition which are based on use of the Marks. We may take any action which wc, in our discretion, deem appropriate in the event of any claimed or apparent infringements of any Marks. We are not obligated to seek recovery of costs or damages of any kind, and it is within our sole discretion whether to assert or waive any claims. We have the sole right to conduct the defense of and seule any claims and to retain control of any negotiations related to any such claims. You must cooperate in all actions taken by us with respect to any such claim and must assist us in the defense of any such claim. The costs of any such actions will be paid by us and any recovery obtained shall be paid to us.

You agree never to contest, directly or indirectly, our ownership, title, right or interest in any of the Marks (whether registered or applied for) or take any action whatsoever in derogation of such claimed interests.

We have no rights in, nor do we have the authority to grant you any rights in, the trademarks, names or logos of any other company or franchisor with whom you may enter into agreements.

Upon expiration or termination of the Franchise Agreement, all of your rights to use the Marks will terminate.

From time to time we may add to, delete, substitute or modify any and all of the Marks. At your sole expense, you must accept, use, or cease using, as may be applicable, the Marks, including any modified or additional Marks. Except as otherwise disclosed in Item I, you will not be

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compensated as a result of any such addition, discontinuation, substimtion or modification.

Item 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

We do not own any rights in or to any patents or registered copyrights that are material to the franchise but we do assert trade secret and copyright protection for our manuals and other printed material constituting the Atlanta Bread Company System.

No patents or copyrights are material to the franchise. You do not receive the right to use an item covered by a patent ~~or copyright~~, but you can use the proprietary information in ABC's Operations Manuals ~~,~~ to develop and operate your bakery café. The Operations Manuals are described in Item 11. Although we have not tiled an application for a copyright registration for the Operations Manuals, we claim a copyright for the Manuals and the information in them is proprictary ~~,~~ and contidential. Item 11 describes limitations on the use of these manuals by you and your employees. The Operations Manuals shall always remain our exclusive property. (Franchisc Agreement. Sections 7, 12 and 13).

You must promptly tell us when you leam about any unauthorized use of this proprietary information. We are not obligated to take any action but will respond to this information as we consider appropriate.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

We encourage you to participate personally in the on-premises supervision of the franchise business. If you are a corporation or partnership, we encourage an officer or principal acceptable to us to participate in the on-site supervision of the franchised business. You must successfully complete our initial training program. You must personally manage your tirst ABC bakery/cafe during the opening week and eight (8) weeks thereafter.

Although we strongly recommend that you devote full time and best efforts as manager of your ABC bakcry/cafe, you will be permitted to employ a designated manager to direct the on-premises franchise operation after the specified time period. Any designated on-premises manager must complete our training program, and must be approved by us upon successful completion of our initial training program, and our approval may depend in part on the manager's demonstrated abilities acquired from prior training and/or experience. The designated manager need not have an ownership interest in a corporate or partnership franchise. During the term of your Franchise Agreement and for a period of ~~18 months~~three (3) years after expiration or termination of your Franchise Agreement, you, your principals and your affiliates may not, directly or indirectly, engage in or have any interest in any competitive food service business or restaurant within 5 miles of your franchised location or of any bakcry/cafe being operated by any franchisee as ~~of the date of the Franchise Agreement~~.Franchisor. (See Articles 12~~, 14,~~ and ~~19~~14 of the Franchise Agreement).

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Each individual who owns an interest in the franchise and their spouse must sign the Personal Guarantee attached to the Franchise Agreement assuming and agreeing to discharge all obligations of the Franchisee under the Franchise Agreement and other agreements between Franchisee and us or our affiliates. (See Article 10 to, and Exhibit "C" of, the Franchise Agreement~~)~~).

You, your designated managers, bakers and all your employees must enter into an agreement acceptable to us to maintain as confidential all of our proprietary information and trade secrets. Furthermore, all Principals and their spouses must sign the "Personal Covenants" attached to the Franchise Agreements as Exhibit "E," thereby agreeing to be bound by the non-competition and confidentiality covenants set forth in Articles 12 through ~~24~~14 of the Franchise Agreement. (See Articles 12 through ~~24~~14 of the Franchise Agreement).

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Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You are limited in the products and services that may be sold from your ABC bakery/cafe. You may only produce and sell food and beverages and bread and bakery products that are expressly approved in writing by us. You may not use or sell any products, materials, ingredients, supplies, paper goods, uniforms, tixtures, fumishings, signs, equipment, and methods of product preparation and delivery that do not meet our standards and specifications. You may offer for sale only those products that arc expressly approved for sale at your ABC bakery/cafe, in writing, in advance, by us. We do require that you stock and offer for sale at least all of the items prescribed by us in our Operations Manuals or otherwise in writing at an ABC bakery/cafe, unless we, in our sole discretion, approve a variation. We have the right to modify any of our specifications, standards and requirements at any time we deem necessary, and you must promptly modify your operations accordingly.

Although you have limited discretion in determining the menu for your ABC bakery/cafe, you do have discretion in determining what to charge for your products. We may offer advice on pricing strategy, but final pricing decisions will be yours, except that to the extent permitted by law, wc will have the right to establish maximum prices for any given product or service offered by you. You should also be aware that collaboration with other franchisees in establishing prices might be considered a violation of state and federal laws. You should consult your own attomey if you have any questions in this area.

Wc do encourage you to implement new menu items for sale at your ABC bakery/cafe, but wc do require that any ideas you may have for new products be approved by us before you offer them for sale. Our approval of any new menu item will be based on our standards and speciticatians for quality, uniformity and adherence to the overall System image and will become the property of ABCI if accepted as a menu item. Our procedure for approval is described in Item 8 of this Disclosure Document.

You must keep your ABC bakery/cafe open for the hours specified in the Operations Manuals unless we permit otherwise. You may not use your bakery/cafe premises for any purpose other than the operation of an ABC bakery/cafe. You may only advertise locally through pre-approved media, including periodicals, radio, television, outdoor signs on billboards or buildings, handbills, flyers and direct mail.

You are not restricted as to the customers you may serve at your ABC bakery/cafe.

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Item 17

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

These tables list certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

Franchise Agreement

Provision*	Section in Franchise Agreement	Summary of Franchise Agreement Provisions
a. Term	Section 1.3	Term commences on the bakery/cafe opening date and ends 10 years after the bakery/cafe opening date.
b. Renewal or Extension of the Term	Section 1.8	At our sole option, you may renew your franchise for 1 additional consecutive 10-year term; after that, you will have no right to renew the Franchise Agreement. You must also meet the requirements in (c) below.
c. Requirements for You to Renew or Extend	Section 1.8	You must deliver written notice of your desire to renew not less than 180 days prior to end of initial term; you must renovate bakery/café as we may require to reflect then-current image and standards; you must provide evidence of right to remain in possession of premises; you must sign then-current form of franchise agreement; you must pay renewal fee; you must not be in default when renewal request given or at any time thereafter prior to expiration of initial term; you must not have had 3 or more defaults for failure to pay any sums due us or our aftiliates; you must have fully and faithfully complied with terms of franchise agreement during initial term; you must have satisfied all monctary obligations; you and your owners must have executed a general release; you must comply with our then-current qualification and training requirements; you must have a sound credit rating and sufficient financial resources to continue to operate franchise. You may be asked to sign a new Franchise Agreement with materially different terms and conditions than your original Franchise Agreement.
d. Termination by You	Section	If we commit material breach of Franchise Agreement and do not cure or make diligent efforts to cure within 90 days

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Provision*	Section in Franchise Agreement	Summary of Franchise Agreement Provisions
	~~29.4~~20.6	written notice by you. If the breach is not curable within ~~90~~ days, we have an additional 30 days to cure if we are making good faith efforts to do so.
e. Termination by Us Without Cause	Not applicable	None.
f. Termination by Us With Cause	Sections ~~29~~20.1, ~~29~~20.2, 20.3 and ~~29.3~~20.4	We can terminate only if you default or if certain events (described in (h) and (i) below) occur. In some instances, you will have an opportunity to cure the default.
g. "Cause" Defined - Defaults Which Can be Cured	~~Section 29.3~~Sections 20.3 and 20.4	Failure to comply with our standards and procedures or any term of the Franchise Agreement not covered by "h" below. You generally will have 30 days after we give you written notice to cure the default. You will have 10 days to cure monetary defaults and defaults due to failure to pay taxes and third-party obligations.
h. "Cause" Defined - Defaults Which Cannot be Cured	Sections ~~29~~20.1 and ~~29~~20.2	Bankmptcy; insolvency; assignment for the benetit of creditors; appointment of a receiver; fmal judgment against you remains unsatistied or of record for 30 days or longer; execution of levy against your business or property; foreclosure suit is tiled against premises or equipment and is not dismissed within 30 days; dissolution; lease or sub-lease expires or is terminated prior to end of franchise term; failure to comply with pre-opening obhgations or you fail to open the bakery/cafe for business on or prior to the end of the Pre-Opening Period; failure to procure or maintain required insurance; abandonment of the business; failure to maintain requfred operating hours for I business day; relocation without our approval; loss of possession of bakery/cafe premises; conviction of a felony or crime involving moral turpitude; unauthorized transfer; failure to comply with non-compctition and contidentiality covenants; making of material misrepresentations; engaging in fraudulent conduct; deny us immediate access to bakery/cafe premises or books or records for audit or inspection; failure to immediately initiate cure of a curable defauh; default under Franchise Agreement or any related agreement and failure to cure such default if curable; engaging in illegal activities; assaulting or threatening health or safety of others; engaging in repeated or pattem of abusive behavior against others; failure to comply with

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Provision*	Section in Franchise Agreement	Summary of Franchise Agreement Provisions
		applicable laws; engaging in conduct that creates material risk of danger to health or safety; conduct that is injurious to the goodwill associated with Marks; receipt of 2 or more default notices within 12-month period; default under terms of lease , sublease or mortgage; allowing baker not certitied by us to prepare any baked goods; failure to pay when due any supplier at least 3 timcs within 18-month period; ~~operation of bakory/café after torn expires;~~ if an audit or inspection discloses an understatement of four percent (4%) or more in any report of Gross Sales or any payment to us; default under Development Agreement; designation as a Specially Designated National or Blocked Person.
i. Your Obligations on Termination/Non-renewal	Section ~~30~~21.1	Cease operation; complete de-identitication and discontinue all use of the Marks; pay all sums due; cancel any assumed or fictitious name that contains a Mark; at our option, surrender physical possession of bakcry/cafć to us and assign to us any lease/sublease, any licenses or permits, and any telephone numbers, directory hstings, website URLs and email addresses; retum our contidential/proprietary information, including Manuals and POS program and documcntation; at our option, sell to us all of your inventory at cost and all of your equipment, tixtures and signs at depreciated value; at our option, sell to us the bakery/cafe premises if you or any affihate or principal of yours own the premises; ~~pay our attomeys' fees to enforce our rights~~rcfrain from using our proprietary menu items, recipes, and methods of food preparation; comply with non-competition and contidentiality covenants; maintain records for at least 1 year; and allow us to inspect and audit books and records within that year. Cross-Termination of Agreements: If we terminate you because of your default, we may, at our option, immediately terminate, upon notice, all other agreements between (i) us (or our affiliates), and (ii) you or your aftiliates or any entity in which you or any principal, manager, partner or joint venture of you (if the franchisee is an entity), directly or indirectiy, has any interest of ownership or participation. This could include other franchise agreements you or your principals have with us. If the franchise agreement

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Provision*	Section in Franchise Agreement	Summary of Franchise Agreement Provisions
		expires (and is not renewed), we may terminate any other agreements relating to your franchised bakery/cafe. (See also (r) below).
j. Assignment of Contract by Us	Section 11.1	No restriction on our right to assign.
k. "Transfer" by You - Definition	Section 11.2; Exhibit E-Definitions	Includes transfer of Franchise Agreement, any interest in Franchise Agreement, any interest in the franchised business, or any equity interest in you if you are an entity or any equity interest in any owners of you if they are an entity.
l. Our Approval of Transfer by You	Section 11.2	We have the right to approve all transfers, our consent not to be unreasonably withheld.
m. Conditions for Our Approval of Transfer	Section 11.3	Transferee qualifies; you are not in defauh under the Franchise Agreement or any related agreement; you pay all sums due and owing in immediately available funds; transferee completes training; if you are not in compliance with our policies, standards or procedures, transferee agrees to achieve compliance within a reasonable period of time; transferee executes the then-current form of Franchise Agreement with, at our opfion, either a new term or your remaining term; transferee executes related agreements required by us, including personal guarantees; transferee is not associated with and does not own interest in competitive bakery/cafc; transfer is in compliance with any laws that apply to the transfer; transferee, at its expense, remodels and upgrades the bakcry/cafe to conform to then-current standards and specifications; you remain liable for all obligafions of the franchise prior to date of transfer; pay transfer fee; sign general release (if not prohibited by applicable state law); you have offered to sell the interest to us pursuant to our right of first refusal, and we have declined; terms and condifions of proposed transfer are satisfactory to us.
n. Our Right of First Refusal to Acquire Your Business	Section 11.5	Wc can match any offer for the transfer of your business or any ownership interest.

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Provision*	Section in Franchise Agreement	Summary of Franchise Agreement Provisions
o. Our Option to Purchase Your Business	Sections 11.5 and ~~30~~21.1(h)g)	We have an option to purchase your business only upon transfer by you or termination.
p. Your Death or Disabitity	Section 11.6	Your bakery/cafe must be transferred to an approved buyer within 6 months.
q. Non-competition Covenants During the Term of the Franchise	Sections 12.2, 14.1, ~~17.1, 17.2~~ and ~~48.1~~14.4; Section 3 of "Personal Covenants" Exhibit E	You and your aftiliates and principals must not be involved in a competitive restaurant or food service business located within 5 miles of your franchise location or of any bakery/cafe being operated by any franchisee as ~~of the date of the Franchise Agreement.~~ You and your affiliates and principals must not employ or seek to employ or induce to leave their employment any of our employees or employees of our aftiliates; in such event, you must pay liquidated damages equal to 30% of the then-current annual salary (including bonuses) of such employee. ~~You and your affiliates and principals must not divert or attempt to divert any customer of ours or yours to any competitive restaurant or food service business.~~
r. Non-competition Covenants After the Franchise is Terminated or Expires	Sections ~~19.1, 22.1,~~ ~~22~~12.2, 14.2, and ~~23.1~~14.4; Section 3 of "Personal Covenants" Exhibit E	You and your affiliates and principals must not be involved in a competitive restaurant or food service business, located within 5 miles of your franchise location or of any bakery/café being operated by any franchisee as of the date of termination of the Franchise Agreement, for ~~48 months~~three (3) years following expiration or termination of the Franchise Agreement. You and your aftiliates and principals must not employ or seek to employ or induce to leave their employment any of our employees or employees of our affiliates for ~~48~~ monthsone year following expiration or termination of the Franchise Agreement; in such event, you must pay liquidated damages equal to 30% of the then-current annual salary (including bonuses) of such employee. You ~~and your affiliates and principals must not divert or attempt to divert any customer of ours or yours to any competitive restaurant or food service business for 18 months following expiration or termination of the Franchise Agreement.~~

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Provision*	Section in Franchise Agreement	Summary of Franchise Agreement Provisions
s. Modification of the Agreement	Sections 3.1, 3.2, 3.3, 3.4, 28.2.c., 7.1, ~~36~~27.3	No moditications to Franchise Agreement unless mutually agreed to by the parties, but System, Marks and Manuals subject to change by us.
t. Integration/Merger Clause	Section ~~36~~27.2	Only terms of Franchise Agreement and related agreements are binding (subject to state law).
u. Dispute Resolution by Arbitration or Mediation	Not applicable	Disputes not required to be resolved by arbitration or mediation.
v. Choice of Forum	Section ~~32~~23.3	Dispute resolution must be in Georgia except where individual state laws supersede or where we bring an action in another state.
w. Choice of Law	Section ~~32~~23.1	Georgia law applies except where individual state laws supersede.

Multi-Unit Development Agreement

Provision*	Article in Development Agreement	Summary of Development Agreement Provisions
a. Term	Section 2	Varies depending on development schedule.
b. Renewal or Extension of the Term	Not applicable	None
c. Requirements for You to Renew or Extend	Not applicable	None
d. Termination by You	Not applicable	None
c. Termination by Us Without Cause	Not applicable	None
f Termination by Us With Cause	Section 13	We can terminate only if you dcfault or if certain events (described in (h) below) occur.
g. "Cause" Detined - Defaults Which Can be Cured	Not applicable	None
h. "Cause" Detined -	Section 13	Death of developer (if an individual); bankmptcy;

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Provision*	Article in Development Agreement	Summary of Development Agreement Provisions
Defaults Which Cannot be Cured		insolvency; appointment of receiver; assignment for the benefit of creditors; failure to comply with development schedule; unauthorized transfer or assignment; material misrepresentation by you; any violation of any laws relating to the construction or operation of any bakery/cafe developed under the Development Agreement; deviation from the plans and specifications approved for your specific site or any violation of the specific provisions of the Development Agreement; termination of any Franchise Agreement or related agreement or uncured default under Franchise Agreement or related agreement
i. Your Obligations on Termination/Non-renewal	Section 14	Rights under Development Agreement extinguished.
j. Assignment of Contract by Us	Section ~~16~~17	No restriction on our right to assign.
k. "Transfer" by You - Definition	Section ~~16~~17	Includes transfer of Development Agreement or any ownership change.
l. Our Approval of Transfer by You	Sections 13 and ~~16~~17	Transfers without our consent are a default under the Development Agreement.
m. Conditions for Our Approval of Transfer	Not applicable	None
n. Our Right of First Refusal to Acquire Your Business	Not applicable	None
o. Our Option to Purchase Your Business	Not applicable	None
p. Your Death or Disability	Section 13	Development Agreement immediately terminates without notice upon your death (if developer is an individual.

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Provision*	Article in Development Agreement	Summary of Development Agreement Provisions
q. Non-competition Covenants During the Term of the Franchise	Not applicable16	You and your affiliates and principals must not be involved in a competitive restaurant or food service business within the geographic area to which development rights are granted or within five miles of any bakery café operated by a franchisee. None
r. Non-competition Covenants After the Franchise is Terminated or Expires	Not applicable16	NoneYou and your affiliates and principals must not be involved in a competitive restaurant or food service business within the geographic area to which development rights are granted or within five miles of any bakery café operated by a franchisee ads of the date of termination of the Agreement.
s. Modification of the Agreement	Section 2324	No modifications except in writing signed by all parties.
t. Integration/Merger Clause	Section 2324	Only terms of Development Agreement are binding (subject to state law).
u. Dispute Resolution by Arbitration or Mediation	Not applicable	Disputes not required to be resolved by arbitration or mediation.
v. Choice of Forum	Section 1819	Dispute resolution must be in Georgia except where individual state laws supersede or where we bring an action in another state.
w. Choice of Law	Section 1819	Georgia law applies except where individual state laws supersede.

The following states have statutes which may supersede the Franchise Agreement and other related agreements in your relationship with us. These statutes may affect the enforceability of provisions in the agreements related to termination; transfer; renewal; covenants not to compete; choice of law; jurisdiction; venue selection; execution of waivers and releases of claims; injunctive relief; waiver of rights to jury trial; punitive and liquidated damage provisions and other remedies; arbitration; and discrimination between franchisees: Arkansas Codo Ann. §4-72-201 et seq.; California Corp. Code §§31000-31516; California Bus. & Prof. Code §§20000-20043; Connecticut Gen. Stat. § 42-133e et seq.; Delaware Code Ann., Tit. 6, Ch. 25, §2551 et seq.; Florida Stat. §542.335; Hawaii Rev. Stat. §§482E-1 et seq.; Id. Code §29-110; Illinois Comp. Stat., Ch. 815, §705/1 – 705/44 (in Illinois, the conditions under which your franchise can be terminated and your rights upon non-renewal may be affected by the Illinois Law 815 ILCS 705/19 and 705/20); Indiana Code §§1 – 51; Indiana Code Ann. §23-2-2.7-1 et seq.; Iowa Code §§523H.1 – 523H.17 and §§537A.10; Louisiana Rev. Stat. 23:921; Maryland Code Ann., Bus. Reg., §§14-201 – 14-233; Michigan Comp. Laws §§445.1501 – 445.1546; Minnesota Stat. §§80C.01 – 80C.22; Mississippi Code Ann. §75-24-51 et seq.; Missouri Rev. Stat. § 407.400 et seq.; Nebraska Rev. Stat. §87-401 et

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~~seq.; New Jersey Rev. Stat. §56:10-1 et seq.; New York Gen. Bus. Law §§680-695 (1994); North Dakota Cent. Code §51-19-01 et seq.; Oregon Rev. Stat. §§650.005 – 650.085; Rhode Island Gen. Laws §§19-28.1-1 – 19-28.1-34; South Dakota Coditied Laws §§37-5A-1 – 37-5A-87; Virginia Code §§13.1-557 – 13.1-574; Washington Rev. Code §§19.100.010 – 19.100.940; Wisconsin Stat. §§553.01 – 553.78; Wisconsin Stat. §§135.01 – 135.07.~~

These and other states may have fair practice laws and other civil statutes affecting contracts and state and federal court decisions that may also affect the enforcement of provisions in the Franchise Agreement and other related agreements.

We reserve the right to challenge the enforceability of any state law that declares void or unenforceable any provision in the Franchise Agreement by bringing an appropriate legal action or raising the claim in a legal action that you initiate.

A provision in the Franchise Agreement which terminates the agreement upon your bankmptcy may not be enforceable under Title 11, United States Code, Section 101.

See Exhibit 1 in the Franchise Agreement and Exhibit C in the Multi-Unit Development Agreement for additional State-specitic provisions which may apply in your State. You should also confer with your attomey conceming any legal rights you may have under your particular state laws.

Item 18

PUBLIC FIGURES

We do not use any public figure to promote our franchise.

Item 19

FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to disclose information about the actual or potential financial performance of its franchised and/or company operated outlets, if there is a reasonable basis for the information, and the information is included in the disclosure document. Financial performance information that differs from the information included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance for the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may proivde you with the actual records of that

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outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Basil Couvaras, c/o Atlanta Bread Company International, Inc., 1200 Wilson Way, Suite 100, Smyrna, Georgia 30082, (770) 432-0933 the Federal Trade Commission and the appropriate state regulatory agencies.

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Item 20

OUTLETS AND FRANCHISEE INFORMATION

Data for all tables below is for the periods: 20082009: 1-1-2007 through 12-31-20072008
~~2008: 1-1-2007 through 12-31-2008~~
2009: 1-1-2008 through 12-31-2009

2010: 1-1-2009 through 12-31-2010

Table No. 1

System-wide Outlet Summary
For Years 2007 to 2009

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Charge
Franchised	20082007	439114	11399	-2615
	20092008	11399	9983	-1416
	20092010	9983	8471	-1516
Company Owned	20082007	8	85	0-3
	20092008	85	56	-3+1
	20092010	56	6	+10
Total Outlets	20082007	147122	121104	-2618
	20092008	121104	10489	-1715
	20092010	10589	9077	-1512

Table No. 2

Transfer of Outlets From Franchisees to New Owners
(Other than Franchisor)
for Years 20072008 to 20102009

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Arizona	20082007	0
	20092008	0
	20092010	0
Colorado	20082007	0
	20092008	0
	20092010	0
Florida	20082007	30
	20092008	0
	20092010	0
Georgia	20082007	02
	20092008	21

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Transfer of Outlets From Franchisees to New Owners (Other than Franchisor) for Years 20072008 to 20102009		
	20092010	10
Illinois	20082007	0
	20092008	0
	20092010	0
MarylandKentucky	20082007	0
	20092008	10
	20092010	01
MarylandNevada	20082007	01
	20092008	0
	20092010	0
NevadaNew Jersey	20082007	0
	20092008	20
	20092010	0
New YorkJersey	20082007	02
	20092008	0
	20092010	0
New YorkNorth Carolina	20082007	0
	20092008	0
	20092010	0
North CarolinaOhio	20082007	0
	20092008	0
	20092010	0
OhioSouth Carolina	20082007	30
	20092008	0
	20092010	10
South CarolinaTennessee	20082007	0
	20092008	01
	20092010	0
TennesseeVirginia	20082007	10
	20092008	0
	20092010	0
VirginiaWisconsin	20082007	0
	20092008	0
	20092010	0
WisconsinTotal	20082007	70
	20092008	50
	20092010	20
Total	2008	5
	2009	2
	2010	1

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Table No. 3

Status of Franchised Outlets
For Years 20072018 to 20102009

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non-Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations Other Reasons	Col. 9 Outlets at the end of the Year
AL	2008 2007	3	0	0	0	0	0	3
	2009 2008	3	0	0	0	0	0	3
	2009 2010	3	0	0	0	0	0	3
AZ	2008 2007	20	0	30	0	0	0	0
	2009 2008	0	0	0	0	0	0	0
	2009 2010	0	0	0	0	0	0	0
AR	2008 2007	2	0	0	0	0	0	2
	2008 2009	2	0	0	0	02	0	20
	2009 2010	20	0	0	0	20	0	20
CO	2008 2007	3	0	0	0	0	0	3
	2009 2008	3	0	0	0	0	0	3
	2009 2010	3	0	0	0	0	0	3
CT	2008 2007	2	0	01	0	0	0	21
	2009 2008	21	0	40	0	0	0	1
	2009 2010	1	0	0	0	0	0	1
FL	2008 2007	1815	02	3	0	0	0	1514
	2009 2008	1514	20	30	0	0	07	447
	2009 2010	147	0	0	0	0	60	84
GA	2008 2007	3323	0	63	0	40	0	2320
	2009 2008	2320	0	30	0	0	02	2018
	2009 2010	2018	0	0	0	0	20	1817

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Status of Franchised Outlets
For Years ~~2007~~2008 to 2010~~2~~2009

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at the end of the Year
Il.	2008 ~~2007~~	2	~~1~~0	1	0	0	0	~~2~~1
	2009 ~~2008~~	~~2~~1	0	~~1~~0	0	0	0	1
	~~2009~~ 2010	1	0	0	0	0	~~0~~1	~~1~~
IN	2008 ~~2007~~	1	0	0	0	0	~~0~~1	~~1~~0
	2009 ~~2008~~	~~1~~0	0	0	0	0	~~1~~0	0
	~~2009~~ 2010	0	0	0	0	0	0	0
KS	2008 ~~2007~~	1	0	0	0	0	0	1
	2009 ~~2008~~	1	0	0	0	0	~~0~~1	~~1~~0
	~~2009~~ 2010	~~1~~0	0	0	0	0	~~1~~0	0
KY	2008 ~~2007~~	~~2~~1	0	~~1~~0	0	0	0	1
	2009 ~~2008~~	1	0	0	0	0	0	1
	~~2009~~ 2010	1	0	0	0	0	0	1
MD	2008 ~~2007~~	1	0~~1~~	0	0	0	0	~~1~~2
	2009 ~~2008~~	~~1~~2	0	~~1~~0	0	0	0	2
	~~2009~~ 2010	2	0	0	0	0	0	2
MI	2008 ~~2007~~	2	0	1	0	0	0	1
	2009 ~~2008~~	1	0	~~1~~0	0	0	0	1
	~~2009~~ 2010	1	0	0	0	0	~~0~~1	~~1~~0
MO	2008 ~~2007~~	1	0	0	0	0	0	1
	2009 ~~2008~~	1	0	0	0	0	0	1
	~~2009~~ 2010	1	0	0	0	0	~~0~~1	~~1~~0
MS	2008 ~~2007~~	0	0~~1~~	0	0	0	0	~~0~~1

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Status of Franchised Outlets For Years ~~2007~~2008 to ~~2010~~2009								
Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non-Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations Other Reasons	Col. 9 Outlets at the end of the Year
	~~2009~~ 2008	~~0~~1	~~1~~0	0	0	0	0	1
	~~2009~~ 2010	1	0	0	0	0	0	1
NV	~~2008~~ 2007	~~2~~1	0	~~1~~0	0	0	0	1
	~~2009~~ 2008	1	0	0	0	0	0	1
	~~2009~~ 2010	1	0	0	0	0	0	1
NJ	~~2008~~ 2007	6	0	0	0	0	0	6
	~~2009~~ 2008	6	0	0	0	0	0~~1~~	6~~5~~
	~~2009~~ 2010	6~~5~~	0	0	0	0	~~1~~0	5
NY	~~2008~~ 2007	4	0	0~~3~~	0	0	0	4~~1~~
	~~2009~~ 2008	4~~1~~	0	~~3~~0	0	0	0	1
	~~2009~~ 2010	1	0	0	0	0	0	1
NC	~~2008~~ 2007	~~6~~5	0	~~1~~0	0	0	0	5
	~~2009~~ 2008	5	0	0	0	0	0	5
	~~2009~~ 2010	5	0	0	0	0	0	5
OH	~~2008~~ 2007	~~2~~1	0	1	0	0	0	4~~1~~0
	~~2009~~ 2008	~~1~~0	0	~~1~~0	0	0	0	0
	~~2009~~ 2010	0	0	0	0	0	0	0
OK	~~2008~~ 2007	1	0	0	0	0	0	1
	~~2009~~ 2008	1	0	0	0	0	0	1
	~~2009~~ 2010	1	0	0	0	0	0	1
PA	~~2008~~ 2007	~~3~~1	0	~~2~~0	0	0	0	1
	~~2009~~ 2008	1	0	0	0	0	0	1

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Status of Franchised Outlets
For Years ~~2007~~2008 to 2010~~2009~~

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non-Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations Other Reasons	Col. 9 Outlets at the end of the Year
	~~2009~~ 2010	1	0	0	0	0	0	1
RI	2008 ~~2007~~	~~1~~0	0	0	0	0	~~1~~0	0
	2009 ~~2008~~	0	0	0	0	0	0	0
	~~2009~~ 2010	0	0	0	0	0	0	0
SC	2008 ~~2007~~	~~20~~19	~~1~~0	~~2~~1	0	01	0	~~19~~17
	2009 ~~2008~~	~~19~~17	0	~~1~~0	0	~~1~~0	01	~~17~~16
	~~2009~~ 2010	~~17~~16	01	0	0	0	~~1~~0	~~16~~17
TN	2008 ~~2007~~	~~7~~6	0	1	0	0	0	6~~5~~
	2009 ~~2008~~	6~~5~~	0	~~1~~0	0	0	01	~~5~~4
	~~2009~~ 2010	~~5~~4	0	0	0	0	1	~~4~~3
TX	2008 ~~2007~~	~~4~~	0	0~~2~~	0	0	0	~~4~~2
	2009 ~~2008~~	~~4~~2	0	~~2~~0	0	0	0	2
	~~2009~~ 2010	2	0	0	0	0	01	~~2~~1
VA	2008 ~~2007~~	2	0	0	0	0	0	2
	2009 ~~2008~~	2	0	0	0	0	0	2
	~~2009~~ 2010	2	0	0	0	0	0	2
WI	2008 ~~2007~~	7	~~1~~0	~~1~~0	0	0	0	7
	2009 ~~2008~~	7	0	0	0	0	01	~~7~~6
	~~2009~~ 2010	~~7~~6	0	0	0	01	~~3~~4	4~~1~~
Totals	2008 ~~2007~~	~~139~~114	~~3~~4	~~24~~17	0	~~4~~1	1	~~113~~99
	2009 ~~2008~~	~~113~~99	~~4~~0	~~16~~0	0	~~1~~2	~~4~~14	~~99~~83
	~~2009~~ 2010	~~99~~83	01	0	0	01	~~15~~12	~~84~~71

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Table No. 4

Status of Company Owned Outlets
For Years 20072008 to 20102009

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired From Franchisees	Col. 6 Outlets Closed	Col. 7 Oudets Sold to Franchises	Col. 8 Outlets at End of Year
FLAR	20082007	10	0	0	10	0	0
	20092008	0	0	02	0	0	0
	20092010	02	0	10	10	0	02
GAFL	20082007	40	0	0	0	0	40
	20092008	40	0	01	1	0	30
	20092010	30	0	0	0	0	30
MDGA	20082007	21	10	0	01	0	3
	20092008	3	0	0	0	0	13
	20092010	13	0	0	0	0	13
SCMD	20082007	03	0	0	01	01	01
	20082009	01	0	10	0	0	1
	20092010	1	0	0	0	0	1
TNSC	20082007	10	0	01	0	0	1
	20092008	1	0	0	10	0	01
	20092010	0	0	0	0	01	0
TXTN	20072008	01	0	0	01	0	0
	20092008	0	0	0	0	0	0
	20092010	0	0	0	0	0	0
TotalWI	20072008	80	10	0	10	0	80
	20092008	80	10	0	10	0	80
	20092010	60	0	21	20	0	61
Total	2008	8	0	1	3	1	5
	2009	5	0	3	1	1	6
	2010	6	0	1	0	1	6

Table No. 5

Projected Openings
As of December 31, 20092010

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened*	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlets in the Next Fiscal Year
Colorado	0	0	0
Connecticut	0	0	0
Florida	6	0	0
Georgia	1	2	1
Illinois	1	0	0
Kansas	0	0	0
Massachusetts	0	0	0
Maryland	0	0	0
Michigan	0	0	0

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Projected Openings As of December 31, ~~2009~~2010			
Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened*	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlets in the Next Fiscal Year
Mississippi	1	0	0
Nevada	1	0	0
~~New Jersey~~	0	0	0
New York	10	0	0
~~Pennsylvanin~~	0	0	0
South Carolina	0	0	0
Tennessee	4	0	0
~~Texas~~	0	0	0
~~Virginia~~	0	0	0
~~West Virginia~~	0	0	0
~~Wiseonsin~~	0	0	0
Total	27	2	1

*Includes franchisees with signed Multi-Unit Development Agreements that contain options to develop that have lapsed by their terms. See Exhibit E for list of Franchisees with locations that were not operational at the end of 2010

A list of the names of all franchisees and the addresses and telephone numbers of their outlets are listed in Exhibit E to this Disclosure Document. The name, address and current business telephone number, or if unknown, the last known home telephone number, of every franchisee who has had an outlet terminated, canceled, not renewed, reacquired by us, or who has otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the date of this Disclosure Document is ~~set forth~~detailed in Exhibit E. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, we have signed confidentiality clauses with certain current or former franchisees. Each confidentiality agreement was entered into as part of a settlement of a dispute between us and the current or former franchisee. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the Atlanta Bread Company franchise system. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

TRADEMARK SPECIFIC FRANCHISEE ORGANIZATIONS

The following organization was created by the franchisor:

ABC Presidents Advisory Council
The Council has no specific address, telephone number, email address or Web address.

The following independent franchisee organization has asked to be included in this Disclosure

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Document:

Association of Atlanta Bread Franchisees
Minneapolis, Minnesota
No address, telephone number, email address or Web address were provided by this organization.

Item 21

FINANCIAL STATEMENTS

The following audited financial statements of Atlanta Bread Company International, Inc. and Subsidiary are attached to this Disclosure Document as Exhibit A:

1. Consolidated Financial Statements of Atlanta Bread Company International, Inc. and Subsidiary for the years ended December 31, 20092010 and December 31, 2009~~2008~~

2. Consolidated Financial Statements of Atlanta Bread Company International, Inc. and Subsidiary for the years ended December 31, 2009~~2008~~ and December 31, ~~2007~~2008

Exhibit A (or an addendum to this Disclosure Document) may also include more recent unaudited interim financial statements of Atlanta Bread Company International, Inc. THESE INTERIM FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS OR HER OPINION WITH REGARD TO THE CONTENT OR FORM.

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Item 22

CONTRACTS

The contracts listed in this Item 22 are listed in the order in which they appear in this Disclosure Document. These are the only contracts which we will enter into with you before you begin operating your franchise.

1. Franchise Agreement (Exhibit B to Disclosure Document)

   The following additional contracts or agreements are attached as Exhibits to the Franchise Agreement:

   a. Accepted Location Addendum (Exhibit A)
   b. Confidentiality Agreement (Exhibit B)
   c. Guarantee (Exhibit C)
   d. Personal Covenants (Exhibit E)
   e. Franchisee Information (Exhibit F)
   f. Addendum to Lease (Exhibit G)
   g. Bakery/Cafe Opening Date Addendum (Exhibit H)
   h. State Addenda to Franchise Agreement (Exhibit I)

2. Multi-Unit Development Agreement

   The following additional contracts or agreements are attached as Exhibits to the Multi-Unit Development Agreement:

   a. Franchised Territory (Exhibit A)
   b. Development Schedule (Exhibit B)
   c. State Addenda to Multi-Unit Development Agreement (Exhibit C)

Item 23

RECEIPTS

The last 2 pages of this Disclosure Document are detachable Receipts acknowledging your receipt of this Disclosure Document. Please sign, date and return 1 copy of the Receipt to us and keep the other copy for your records.

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EXHIBIT A

FINANCIAL STATEMENTS

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ATLANTA BREAD COMPANY INTERNATIONAL, INC.
(A WHOLLY OWNED SUBSIDIARY OF SPRINGTIME HOUSE, INC.) AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

with

INDEPENDENT AUDITORS' REPORT

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SMITH & HOWARD
Certified Public Accountants and Advisers

INDEPENDENT AUDITORS' REPORT

Board of Directors
Atlanta Bread Company International, Inc.

We have audited the accompanying consolidated balance sheet of Atlanta Bread Company International, Inc. (a wholly owned subsidiary of Springtime House, Inc.) and Subsidiary as of December 31, 2009 and 2008 and the related consolidated statements of income and retained earnings and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Atlanta Bread Company International, Inc. and Subsidiary as of December 31, 2009 and 2008 and the consolidated results of operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Notes 3 and 4, the Company has significant transactions with related parties.

Smith & Howard

April 29, 2010

Suite 200 · 191 17th Street, N.W. · Atlanta, GA 30363
404.[illegible] · Fax 404.874.1456 · www.smith-howard.com

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ATLANTA BREAD COMPANY INTERNATIONAL, INC.
(A WHOLLY OWNED SUBSIDIARY OF SPRINGTIME HOUSE, INC.)
AND SUBSIDIARY
CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2009 AND 2008

ASSETS

	2009	2008
Current Assets		
Cash and cash equivalents	$ 314,648	$ 912,106
Accounts receivable from franchisees, net of allowance for doubtful accounts of 3115,813 and 550,240	2,183,962	2,063,442
Inventory	20,826	23,601
Prepaid expenses and other current assets	281,026	232,670
Deferred franchise costs	-	3,761
Deferred income taxes	93,050	71,693
Total Current Assets	2,893,512	3,307,273
Property and Equipment, Net	186,316	297,613
Due from Affiliates	6,034,578	4,928,506
Deferred Income Taxes	315,280	414,405
Deferred Franchise Costs	46,021	60,985
	$ 9,455,707	$ 9,008,782

LIABILITIES AND SHAREHOLDER'S EQUITY

Current Liabilities		
Bank overdraft	$ -	$ 285,655
Accounts payable	472,213	261,625
Current portion of capital lease obligations	-	12,724
Borrowings under line of credit	517,500	905,808
Income taxes payable to parent	7,780	-
Unredeemed gift card liability	1,190,289	1,196,725
Accrued and other liabilities	448,688	493,946
Deferred franchise revenue	-	20,000
Total Current Liabilities	2,636,470	3,176,483
Deferred Franchise Revenue	385,000	505,000
Deferred Rent	8,681	51,793
Loan from Director	216,254	-
Due to Parent Company	1,224,110	1,224,110
Other Liabilities	22,752	23,669
Commitments and Contingencies		
Shareholder's Equity		
Common Stock, $1 par value; 100,000 shares authorized; 1,000 shares issued and outstanding	1,000	1,000
Retained earnings	4,951,440	4,026,727
	4,962,440	4,027,727
	$ 9,455,707	$ 9,008,782

The accompanying notes are an integral part of these financial statements.

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ATLANTA BREAD COMPANY INTERNATIONAL, INC.
(A WHOLLY OWNED SUBSIDIARY OF SPRINGTIME HOUSE, INC.)
AND SUBSIDIARY
CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
Revenues		
Royalties	$ 4,132,249	$ 5,377,788
Franchise fees	185,000	264,000
License fees	812,470	579,676
	5,129,719	6,221,464
Operating Expenses		
Compensation	1,381,114	2,717,065
Depreciation	165,750	234,060
Other operating expenses	2,184,488	2,753,114
	3,731,352	5,704,239
Income from Operations	1,398,367	517,225
Other Income (Expense)		
Interest income	14,578	19,799
Interest expense	(42,554)	(38,092)
	(28,076)	(18,293)
Income Before Income Taxes	1,370,291	498,932
Income Tax Expense	435,578	192,371
Net Income	934,713	305,561
Retained Earnings, Beginning of Year	4,026,727	3,720,166
Retained Earnings, End of Year	$ 4,951,440	$ 4,026,727

The accompanying notes are an integral pan ot these fmancial statements.

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ATLANTA BREAD COMPANY INTERNATIONAL, INC.
(A WHOLLY OWNED SUBSIDIARY OF SPRINGTIME HOUSE, INC.)
AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
Cash Flows from Operating Activities:		
Net income	$ 934,713	$ 306,561
Adjustments to reconcile net income to net cash provided (required) by operating activities:		
Deferred franchise revenue recognized	(110,000)	(264,000)
Depreciation on property and equipment	165,750	234,060
Non cash decrease in deferred rent	(43,112)	(34,157)
Bad debt expense	142,695	167,283
Amortization of deferred franchise costs	18,725	5,184
Deferred income tax expense	77,768	216,613
Changes in operating assets and liabilities:		
Accounts receivable	(263,215)	(732,073)
Inventory	2,775	5,643
Prepaid expenses and other current assets	(48,356)	59,590
Bank overdraft	(285,655)	285,655
Accounts payable	210,588	(109,247)
Advances to affiliates-income taxes	(239,203)	(24,242)
Accrued and other liabilities	(51,438)	(445,551)
Deferred franchise revenue	(30,000)	(141,000)
Other long term liabilities	(917)	(18,558)
Net Cash Provided (Required) by Operating Activities	481,118	(488,239)
Cash Flows from Investing Activities:		
Purchases of property and equipment	(34,453)	(31,901)
Net Cash Required by Investing Activities	(34,453)	(31,901)
Cash Flow from Financing Activities:		
Borrowings (repayments) under line of credit, net	(388,308)	905,808
Principal payments on capital lease obligations	(12,724)	(171,527)
Loan from Director	216,254	-
Advances to affiliates, net	(859,345)	(2,182,887)
Decrease in due to parent company, net	-	(28,000)
Net Cash Required by Financing Activities	(1,044,123)	(1,476,606)
Net Decrease in Cash and Cash Equivalents	(597,458)	(1,996,746)
Cash and Cash Equivalents, Beginning of Year	912,106	2,908,852
Cash and Cash Equivalents, End of Year	$ 314,648	$ 912,106
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for:		
Interest	$ 42,654	$ 38,092

The accompanying notes are an integral part of these financial statements.

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ATLANTA BREAD COMPANY INTERNATIONAL, INC.
(A WHOLLY OWNED SUBSIDIARY OF SPRINGTIME HOUSE, INC.)
AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Atlanta Bread Company International, Inc. (the "Company") is a wholly owned subsidiary of Springtime House, Inc. ("Springtime"), a Georgia Corporation.

The Company sells retail bakery and café restaurant franchises under the Atlanta Bread Company trademark (the "Trademark") in the United States. The terms of the franchise agreement require franchisees to pay the Company (i) an initial franchise fee of up to $40,000 in exchange for the Company's assistance in franchisee site selection, training, implementation of a quality control system, and store opening, (ii) a weekly royalty fee equal to 5% of gross revenues, and (iii) a weekly advertising fee equal to 2 to 3% of gross revenues.

At December 31, 2009, there were 80 franchised retail bakery cafés, 7 corporateiy managed retail bakery cafés owned by an affiliated entity, and 16 franchise development agreements for bakery cafés to be opened in the future.

The Company, through its wholly owned subsidiary Autumntime LLC ("Autumntime"), also licenses the use of the Trademark, the Atlanta Bread Company Copyright, and certain other proprietary information to affiliates of the Company related through common ownership in exchange for an annual fee of $300,000 and a monthly fee equal lo 21% of gross royalty and franchise revenues. These license agreements expire annually on September 30th and are subject to automatic annual renewal.

Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Autumntime LLC. All intercompany accounts and balances have been eliminated in consolidation.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

The Company follows accounting standards set by the Financial Accounting Standards Board ("FASB"). The FASB sets accounting principles generally accepted in the United States of America ("GAAP"). In June 2009, the FASB issued FASB ASC 105, Generally Accepted Accounting Principles, which establishes the FASB Accounting Standards Codification as the sole source of authoritative GAAP. Pursuant to the provisions of FASB ASC 105, the Company no longer references to particular standards of GAAP. The adoption of FASB ASC 105 did not impact the Company's consolidated financial position or results of operations.

Revenue Recognition

Initial franchise fees relating to franchise sales are deferred and recognized upon the opening of a franchised bakery café. The long-term portion of deferred franchise revenue relates to franchise fees for bakery café openings that are not anticipated in the year subsequent to the reporting period. The Company recognizes royalty, advertising, and license fees as the franchisees and affiliates recognize the revenues upon which such royalties, advertising, and license fees are based. The Company provides allowances on fees recognized for potential uncollectible accounts.

Franchise Costs

The Company defers direct costs related to initial franchise fee revenue consisting primarily of sales commissions until it recognizes initial franchise fee revenue. The Company expenses indirect costs associated with the opening of restaurant franchises when incurred.

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid instruments with original maturities of three months or less when purchased.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentration of Credit Risk

The Company's financial instruments are exposed to concentrations of credit risk consisting primarily of cash and cash equivalents and accounts receivable. The Company maintains its cash with high quality credit institutions. Management continually monitors receivable balances and believes that its exposure to credit risk is limited. At times such investments may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limits. As a result of liquidity issues experienced in the global credit and capital markets, it is at least reasonably possible that changes in risks in the near term could occur which in turn could materially affect the amounts reported in the accompanying consolidated financial statements.

Accounts Receivable from Franchisees

Accounts receivable from franchisees are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Inventory

Inventory consists of marketing materials and is stated at the lower of cost or market using the first-in, first-out ("FIFO") valuation method.

Property and Equipment

Property and equipment are stated at cost and depreciated using the straight-line method over the estimated useful lives of the related assets ranging from three to ten years.

Income Taxes

The Company files a consolidated federal income tax return with its parent and records its share of the consolidated federal income tax expense on a separate return basis. The Company's current federal income tax expense of $355,457 and tax credit of $37,110 is included in the income taxes payable to parent on the Company's consolidated balance sheet at December 31, 2009 and 2008, respectively. State income tax returns are filed separately by the Company.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (continued)

The Company accounts for income taxes in accordance with GAAP. This prescribes the use of the liability method whereby deferred tax asset and liability account balances are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted rates and laws that will be in effect when the differences are expected to reverse. The Company provides a valuation allowance, if necessary, to reduce deferred tax assets to their estimated realizable value.

Effective January 1, 2009, the Company adopted new accounting provisions for accounting for uncertainty in income taxes by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in the consolidated financial statements. The Company utilizes a two-step approach for evaluating tax positions. Recognition occurs when the Company concludes that a tax position, based solely on its technical merits, is more likely than not to be sustained upon examination. Measurement is only addressed if recognition has been satisfied. Under measurement, the tax benefit is measured at the largest amount of benefit, determined on a cumulative probability basis that is more likely than not to be realized upon final settlement. The term "more likely than not" is interpreted to mean that the likelihood of occurrence is greater than 50%. As of the adoption date and at December 31, 2009, the Company had no unrecognized tax benefits. The Company recognizes penalties and interest accrued related to unrecognized tax benefits in income tax expense. There have been no income tax related penalties or interest recognized in 2009 or 2008.

Use of Estimates

The preparation of the Company's consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions which affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities as of the date of the consolidated financial statements, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising Funds

The Company maintains a cooperative advertising fund that receives contributions from its franchisees and an affiliate, based on a percentage of sales, as required by their franchise agreements. These funds are used exclusively for brand advertising. The advertising fund is consolidated in the accompanying consolidated financial statements. At December 31, 2009 and 2008, the unrestricted net asset deficit included in retained earnings was approximately ($13,000) and ($28,000), respectively.

Subsequent Events

Management has evaluated subsequent events through April 29, 2010, the date which the consolidated financial statements were available to be issued.

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31:

	2009	2008
Property and equipment, at cost		
Computers and equipment	$ 775,906	$ 764,683
Furniture and fixtures	381,446	364,488
Leasehold improvements	785,848	779,576
	1,943,200	1,908,747
Accumulated depreciation and amortization	(1,776,884)	(1,611,134)
	$ 166,316	$ 297,613

NOTE 3 – AFFILIATE TRANSACTIONS

The Company regularly conducts business with affiliates related through common ownership. The Company advances non-interest bearing funds to certain affiliates as needed for operations. Repayment of the advances is based on the affiliates' cash flow availability. Transactions with affiliates consist of the following:

The Company receives license revenue from affiliates for the use of Atlanta Bread Company trademarks, copyrights, and other proprietary information. License fees received for 2009 and 2008 were $812,470 and $579,676, respectively.

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NOTE 3 – AFFILIATE TRANSACTIONS (Continued)

The Company allocates costs to affiliates for certain direct and shared operating expenses paid by the Company on behalf of the affiliates. The costs allocated under this arrangement for 2009 and 2008 were $1,347,545 and 51,292,115, respectively. These amounts reduced the Company's other operating expenses and unpaid amounts at December 31, 2009 and 2008 and are included in the Due from Affiliates balance.

As more fully described in Note 5, an affiliated entity operates non-franchised (Company owned) bakery cafés. The Company charges royalty fees at 5% of sales on these affiliate operated cafés. Royalty fees received from the affiliated entity during 2009 and 2008 were $565,767 and $569,836, respectively and are included within total royalty revenue.

In 2009, a Director of the Company loaned the Company funds for general working capital needs of the business. The loan bears interest at 4% per annum. The Director intends not to request repayment of the principal until after December 31, 2010. The principal amount outstanding is $216,254 at December 31, 2009.

NOTE 4 – DUE TO PARENT COMPANY

Due to parent company consists of an unsecured note, as amended, plus accrued interest, payable to Summertime House, Ltd. the holding entity of Springtime. Interest accrues on the unpaid principal al prime plus 10% per annum (13.25% as of December 31, 2009). Repayment of the note payable is based on the Company's available cash flow.

To assist with interim cash flow, the parent company charged no interest for 2009 and 2008. Interest charges will be reinstated and accrued on the unpaid principal and accrued interest when cash flow is sufficient. Principal and accrued interest due to Summertime House, Ltd. under the note was $1,224,110 as of December 31, 2009 and 2008.

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NOTE 5 – COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company leases buildings and equipment under noncancelable operating leases expiring through 2013. Future minimum lease payments, net of sublease rental income, under the noncancelable operating leases as of December 31, 2009 are as follows for years ending December 31:

2010	$ 486,157
2011	490,521
2012	479,564
2013	114,564
	$ 1,570,806

Lease expense for 2009 and 2008 under these operating leases, net of sublease rental income, was approximately $396.000 and $427,000, respectively.

Lease Guarantees

The Company is a guarantor for 4 franchisee store leases as of December 31, 2009. The respective franchisees have primary liability for these operating leases. The leases have terms expiring in various years from 2010 to 2012, and the guarantees have potential future rental payments of approximately $741,000. The contingent obligation from guarantees will continue to decrease over time as these operating leases expire or are not renewed. Accrued lease expense for the fair value of the franchisee lease guarantees approximated $31,000 and $111,000 as of December 31, 2009 and 2008, respectively.

The Company, the Company's president, and certain affiliates of the Company related through common ownership guarantee 5 property leases entered into by certain affiliates of the Company. Future aggregate minimum lease commitments under these leases approximate $2,312,000 at December 31, 2009. The leases expire between 2010 and 2015.

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NOTE 5 – COMMITMENTS AND CONTINGENCIES (Continued)

Affiliate Franchisees

When a franchisee is in default of the franchise agreement, an affiliated company whose primary objective is the management of company owned bakery cafés may elect to acquire the bakery café under default until such time that the bakery café is re-franchised or closed. The affiliate operated 7 company owned cafes at December 31, 2009. The affiliate accrues royalty fees at 5% of sales on the company owned stores operated by the affiliate. Royalty fee income accrued on company operated café's during 2009 and 2008 was $565,767 and $569,836, respectively and is included within total royalty revenues.

The following selected financial data has been derived from the financial statements of the affiliated company as of and for the years ended December 31:

	2009	2008
Current assets	$ 599,657	$ 836,134
Non-current assets	7,668,146	2,090,913
Current liabilities	2,908,584	1,468,044
Non-current liabilities	6,709,074	3,413,287
Net sales	$ 11,338,332	$ 11,211,809
Gross margin	7,759,865	6,843,890
Net income (loss)	604,429	(1,200,661)

Legal Proceedings

During 1999, the Company settled a lawsuit with a former officer, which requires the Company to pay the former officer a quarterly royalty fee equal to 6% of collected franchise and royalty fees from December 2000 through November 2005, 5% thereafter through November 2010, and 3.5% thereafter through November 2015. The Company recorded royalty expense of approximately $172,000 and $189,000 during 2009 and 2008, respectively, related to this settlement.

In November 2009 the Company settled a lawsuit with a former franchisee over an alleged breach and termination of the related franchise agreements. As part of this settlement the Company agreed to purchase all the franchisee's intangible rights and interests in the franchise locations, as more fully described in Note 7.

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NOTE 5 – COMMITMENTS AND CONTINGENCIES (Continued)

Legal Proceedings (Continued)

The Company is involved in litigation and other proceedings in the normal course of business. Management believes that the resolution of these matters will not have a material adverse effect on the Company's consolidated financial position.

NOTE 6 – CREDIT FACILITIES

Prior to 2008 the Company and certain of its affiliates were extended a line of credit by a bank that provided for joint borrowings that were limited to $1,000,000. In August 2008, the Company and certain of its affiliates were extended a new line of credit by another bank that provided for maximum borrowings of $2,500,000 based upon percentages of eligible accounts receivable and inventories. Outstanding borrowings under the line of credit bears interest at the financial institution's prime rate plus 1% with a minimum rate of 6.5% (an effective rate of 6.5% at December 31, 2009). At December 31, 2009 and 2008, total outstanding borrowings under the line were $1,150,000 and $2,013,008, respectively, of which $517,500 and $905,808, respectively, was allocated to the Company based on cash flow. The line is guaranteed by Springtime House, Inc. and its subsidiaries, and the Company's president and is secured by accounts receivable and inventory of the Company and its affiliates. Under the line, the Company is jointly liable for borrowings made by the co-borrowers. The line contains certain restrictive covenants that include a minimum net worth and debt service requirement for which the Company obtained the bank's waiver of noncompliance as of December 31, 2009. The line will be reviewed for renewal in September 2010.

In September 2003, the Company and certain affiliates related through common ownership issued $8,080,000 Variable Rate Notes (the "Notes") for the purchase of i) office space previously occupied by the Company and affiliates and ii) a manufacturing, production and distribution facility utilized by affiliates of the Company. In October 2005, the office building was sold and the principal balance of the Notes was reduced by $4,055,000. The Notes bear interest at a variable rate, but may be converted at a later date to a term rate. The variable rate fluctuates per annum with current market conditions. The Notes are supported by a letter of credit which bears an annual bank fee of 1.25%. In October 2008, $1,635,000 of the Notes were tendered by the holders and the letter of credit was drawn upon for the tendered amount. The credit agreement was amended to provide for the tendered amount as an advance which bears interest at a variable rate of the greater of the financial institution's prime rate plus 2% or 5% per annum. The principal balance on the Notes outstanding at December 31, 2008 were $3,175,000 and is included in the financial statements of a certain affiliate.

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NOTE 6 – CREDIT FACILITIES (Continued)

In May 2009 the Notes and related letter of credit were retired and replaced by a term loan mortgage (the "Mortgage") in the principal amount of 53,175,000. The mortgage is being amortized over a 20 year period with a balloon payment due April 2012. The mortgage bears interest at a variable rate of the greater of the financial institutions prime rate plus 1% with a minimum rate of 6.5% and a maximum rate of 10.25% (an effective rate of 6.5% at December 31, 2009). The principal balance outstanding is $3,234,717 at December 31, 2009 and is included in the financial statements of a certain affiliate. The mortgage is guaranteed by the Company, the Company's president, Springtime House, Inc and certain affiliates and is secured by certain assets of affiliates of the Company.

NOTE 7 – BUSINESS ACQUISITION

In November 2009 the Company settled a lawsuit with a former franchisee over a breach and termination of the related franchise agreements. As part of the settlement the Company agreed to purchase all of a franchisee's rights, title and interest in the franchise locations for $5,500,000. Payment terms included a $2,000,000 cash payment at purchase date and promissory notes (the "Notes") in the amount of $1,000,000 and $2,500,000 due April 2010 and November 2014, respectively. The notes bear an interest rate of 4% and are guaranteed by the Company and an affiliate. The notes contain restrictive covenants, which among other things, require subordination of affiliate loans to the Company. The Company assigned the purchased assets and related debt to an affiliate which operates company owned bakery cafés. The principal balances outstanding on the notes are $3,421,387 at December 31, 2009 and are included on the affiliate's balance sheet.

NOTE 8 – RETIREMENT PLAN

The Company sponsors a 401(k) plan into which eligible employees may contribute up to 15% of their earnings subject to limitations established by the Internal Revenue Code. During 2008, the Company matched 100% of the first 3% and 50% of the next 2% of an employee's contribution. Amounts contributed to the plan are fully vested. Beginning in 2009, the Company discontinued matching employee contributions. The Company contributed $49,616 to the plan during 2008.

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ATLANTA BREAD COMPANY INTERNATIONAL, INC.
(A WHOLLY OWNED SUBSIDIARY OF SPRINGTIME HOUSE, INC.)
AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 9 – INCOME TAXES

The components of the Company's 2009 and 2008 income tax expense (credit) consist of the following:

	2009	2008
Current expense (credit)		
Federal	$ 355,457	$ (37,110)
State	2,353	12,868
Total current expense (credit)	357,810	(24,242)
Deferred expense, net of provision for valuation allowance		
Federal	77,768	216,613
State	-	-
Total deferred expense	77,768	216,613
Net income tax expense	$ 435,578	$ 192,371

Deferred income lax assets and liabilities as of December 31, 2009 and 2008 consist of:

	2009	2008
Deferred income tax assets:		
Deferred franchise revenue	$ 141,318	$ 192,706
Accrued liabilities	41,039	84,504
Allowance for doubtful accounts	51,319	30,265
Property and equipment	122,153	93,394
Federal tax credits	23,466	20,089
Federal and State net operating loss carryforward	300,135	406,761
	679,430	827,719
Deferred income tax asset valuation allowance	(254,207)	(317,856)
	425,223	509,863
Deferred income tax liability–deferred franchise costs	(16,893)	(23,765)
Net deferred income tax assets	$ 408,330	$ 486,098

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NOTE 9 – INCOME TAXES (Continued)

Current deferred income tax assets consist of:		
Deferred income tax assets	$ 93,050	$ 73,583
Deferred income tax liabilities	-	(1,890)
Net current deferred income tax assets	$ 93,050	$ 71,693
Noncurrent deferred income tax assets consist of:		
Deferred income tax assets	$ 338,026	$ 445,062
Deferred income tax liabilities	(22,746)	(30,657)
Net noncurrent deferred income tax assets	$ 315,280	$ 414,405

The components of the expense for deferred income taxes for 2009 and 2008 are as follows:

	2009	2008
Deferred franchise revenue	$ 51,388	$ 149,764
Book under tax accruals	43,465	21,079
Property and equipment	(28,759)	99,473
Allowance for doubtful accounts	(21,054)	(6,964)
Deferred franchise costs	(6,872)	(1,986)
Net operating loss carryforward	42,977	-
Other	(3,377)	(44,753)
	$ 77,768	$ 216,613

The Company has net operating loss carryfonwards of approximately $8,450,000 for state income tax purposes and $208,000 for federal income tax purposes. These carryforwards generally expire from 2015 through 2028. The valuation allowance is attributable to the state net operating loss carryforward for which realization is not likely. Based on management's assessment, it is more likely than not that the remaining net deferred income tax assets will be realized through future taxable income.

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Atlanta Bread Company International, Inc.

Audited Financials 2009 and 2010

Have not been completed as of the date of the submission
of the revised *Franchise Disclosure Document*

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Atlanta Bread Company International, Inc.

Unaudited Financials For First Quarter 2010f

Have not been completed as of the date of the submission
of the revised *Franchise Disclosure Document*

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FRANCHISE AGREEMENT

between

ATLANTA BREAD COMPANY INTERNATIONAL, INC.

and

FRANCHISEE

Individual & Entity Name

Entity Address

City – State – Zip

Telephone – Fax – Email

FRANCHISED LOCATION

Bakery/Cafe Address

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City – State – Zip

Telephone – Fax – Email

DATE OF FRANCHISE AGREEMENT

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SELECTED TERM SUMMARY

Agreement Date:	_____	
Franchisor:	Atlanta Bread Company International, inc.	
Franchisee:	_____	Franchise Agreement Section Reference
Bakery/Cafe Accepted Location:	_____	Section 1.4
Exclusive Territory:	_____	Section 1.6
Bakery/Cafe Opening Date:	_____	Section 1.3
Franchise Term:	— Initial Term — Renewal Term	Section 1.2
Initial Franchise Fee:	_____ Dollars (S_____)	Section 2.1
Renewal Fee:	_____ Dollars (S_____)	Section 1.8.d.
Transfer Fee:	_____ Dollars (S_____)	Section 11.3.e.
Royalty Fee:	Five Percent (5%) of Weekly Gross Sales of the Bakery/Cafe	Section 2.2
Advertising Fee:	Three Percent (3%) of Weekly Gross Sales of the Bakery/Cafe	Section 2.5
Designated Principal(s)	_____ _____ _____	Exhibit D--Definitions
Date of Transfer (if applicable):	_____	Section 1.3.c.
Franchise Term is limited by Section 1.3.c. to remaining term of transferor (if applicable, check box and indicate expiration date)	_____ _____ _____	

This Selected Term Summary is a part of and incorporated by reference into the Franchise Agreement between Franchisor and Franchisee attached hereto. In the event of a conflict

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between the Selected Term Summary information and the Franchise Agreement, the Franchise Agreement shall control.

Franchisee Initials

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ATLANTA BREAD COMPANY

FRANCHISE AGREEMENT

~~———~~THIS FRANCHISE AGREEMENT (this "Agreement") is made and entered into this _____ day of _____, 2____ (the "Agreement Date"), by and between ~~ATLANTA BREAD COMPANY INTERNATIONAL, INC~~ATLANTA BREAD COMPANY INTERNATIONAL, INC., a Georgia corporation ~~("~~("Franchisor~~");~~"), with its principal business address being ~~1955 Lake Park Drive~~1200 Wilson Way, Suite 400100, Smyrna, Georgia ~~30080~~30082, and _____ ("Franchisee").

Statement of Intentions

A. Franchisor, as a result of the expenditure of substantial time, skill, effort and money, has developed and owns a unique and comprehensive System ~~relating to the establishment~~for establishing, developing, and ~~operation of~~operating ATLANTA BREAD COMPANY Bakery~~/Cafes~~ Cafés, which sell baked goods, specialty breads, rolls, coffee, deli-café sandwiches, salads, soups, desserts, and related menu items and which operate under the Marks.

B. Franchisor has established a positive image and goodwill with the public with respect to the quality of services and products available at ATLANTA BREAD COMPANY Bakery~~/Cafes~~ Cafés, which image and goodwill have been and continue to be of major benefit to Franchisor and its franchisees.

C. Franchisee recognizes the benetit to be derived from being identiticd with and licensed by Franchisor to utilize the System and Marks, and desires to own and operate an ATLANTA BREAD COMPANY Bakery~~/Cafe~~ Café under the System and ~~wishes~~Marks and to obtain a franchise, and a license to use the System and Marks, from Franchisor for that purpose upon the terms and conditions set forth herein, which terms and conditions are reasonably necessary to maintain ~~Franchisor's~~Franchisor's uniform standards of quality and service and to protect the goodwill and enhance the public image of the Marks and the System.

~~D. Franchisee aeknowledges that it is entering into this Agreement after having made an indopendont investigation of Franchisor's operations, and Franchisee recognizes that an investment in an ATLANTA BREAD COMPANY Bakery/Cafe involves business risks and that tho success of the Bakery/Cafe is largely dependent on Franchisee's own businoss abilities and efforts.~~

~~E. Franchiseo recognizes that franchising is a method of distributing goods or services in a consistent manner and that the customer expects a similar experience at a franchised business, regardless of its location or operator, and by signing this Agreement, Franchisee acknowledges~~

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the importance of these concepts. Franchisee recognizes that a uniform presentation of the ATLANTA BREAD COMPANY image is critical to the customer's perception of the System, and Franchisee agrees to contribute to that perception by operating the franchised business in compliance with this Agreement and the System.

F. Franchisee agrees that the System is subject to modification from time to time based on changes in technology, competitive circumstances, customer expectations, and other market variables. Those changes to the System may include changes in operating standards, products, pricing, programs, services, methods, forms, policies and procedures; changes in the design and appearance of the building, signage and equipment; and changes to the Marks.

NOW, THEREFORE, in consideration of the foregoing and of the covenants contained herein, it is hereby agreed as follows:

ARTICLE 1.
DEFINITIONS; GRANT OF FRANCHISE AND LICENSE;
ARTICLE 1.TERM; LOCATION; RETAINED RIGHTS; RENEWAL

1.1 1.1 Definitions. Capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings given to them in Exhibit D.

1.2 1.2 Grant of the Franchise and License. Franchisor hereby grants to Franchisee the right and license to operate, during the Franchise Term, one ATLANTA BREAD COMPANY Bakery/Cafe Café at the Accepted Location, and to use solely in connection therewith the Marks and the System. Franchisee acknowledges that the license granted by Franchisor is expressly subject to the terms and conditions of this Agreement and is limited to the Franchise Term. Franchisee agrees to use the Marks and the System, as they may be changed, improved or further developed by Franchisor from time to time, in accordance with the terms and conditions of this Agreement.

1.3 1.3 Term. The Franchise Term shall be the term indicated on the Selected Term Summary.

a. a. Initial Term. If this is the Initial Term, the Franchise Term shall, subject to the terms of this Agreement, commence on the Bakery/Cafe Café Opening Date and end on the tenth (10th) anniversary of the Bakery/Cafe Café Opening Date. Franchisee acknowledges that, although the Initial Term does not commence until the Bakery/Cafe Café Opening Date, Franchisee's obligations under this Agreement commence on the Agreement Date, except to the extent that those obligations expressly relate to the period after the Bakery/Cafe Café Opening Date. Within five (5) days after the Bakery/Cafe Café opens for business, Franchisee shall complete the Bakery/Cafe Café Opening Date Addendum attached

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hereto as Exhibit H, which shall amend the Selected Term Summary of this Agreement to include the specific Bakery/~~Cafe~~ Café Opening Date.

b. ~~b.~~ Renewal Term. If this is the Renewal Term, the Franchise Term shall, subject to the terms of this Agreement, commence on the expiration of the Initial Term and end on the tenth (10th) anniversary of the Initial Term expiration date. Franchisee has no right to renew following the expiration of the Renewal Term.

c. ~~c.~~ Transfer of Remaining Term Only. If this Agreement is being executed by a transferee in connection with a Transfer of the Franchise, and Franchisor has elected for the transferee's Franchise Term to be equal to the remaining Franchise Term of the transferor, the applicable Franchise Term shall be as indicated on the Selected Term Summary, provided that the transferee's Franchise Term under Section 1.3.a. or 1.3.b., whichever is applicable, is hereby modified to be the transferor's remaining term of such Franchise Term, commencing as of the Date of Transfer indicated in the Selected Term Summary and ending on the expiration date as indicated in the Selected Term Summary. The transferee shall have the other rights granted in this Section 1.3 for the applicable Franchise Term (except that the Franchise Term shall be as modified by this Section I.3.c.). Franchisor may waive any Pre-Opening Obligations to the extent they are inapplicable or already fulfilled by Franchisee to Franchisor's satisfaction.

1.4 ~~4.4~~ Location. If Franchisee has selected an area in which to locate its Bakery/~~Cafe~~ Café as indicated in the Selected Term Summary of this Agreement, Franchisee must identify a specific Bakery/~~Cafe~~ Café location during the Pre-Opening Period. Franchisor may require Franchisee to submit specitic site data, demographic and other information concerning the site as may be reasonably required by the Franchisor in a form specified by Franchisor. Franchisor shall, in its sole discretion, approve or disapprove in writing any proposed site identitied by Franchisee. Silence by Franchisor is not an approval. If Franchisor rejects the proposed site, Franchisee shall locate an acceptable site within the Pre-Opening Period, and the new proposed site shall be submitted using the procedures outlined in this Section. If the specific location of the Bakery/~~Cafe~~ Café is undetermined at the time of the signing of this Agreement, Franchisee must complete the Accepted Location Addendum attached hereto as Exhibit A at the time the specitic location is approved by Franchisor, which shall amend the Selected Term Summary of this Agreement to include the specitic Accepted Location and Exclusive Territory. Franchisee acknowledges that the license granted herein is limited to the operation of the Bakery/~~Cafe~~ Café from the Accepted Location. Franchisee shall not conduct the business of the Bakery/~~Cafe~~ Café from any location other than the Accepted Location. Without limiting the generality of the foregoing, Franchisee may not open kiosks or satellite locations, or "wholesale" or eater to other food service sales entities of any type, without the prior written consent of Franchisor for the specitic activity. "Wholesale" shall mean when the Franchisee sells, transfers or conveys, or transacts to sell, transfer or convey, Products to any person or entity that ii knows, should know or has reason to suspect will resell such Products. Franchisee shall not relocate the Bakery/~~Cafe~~ Café without the prior written consent of Franchisor.

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1.5 ~~1.5~~ Actions Not Deemed Acceptance of Location. Franchisee assumes all costs, liability, expense, and responsibility for locating, obtaining, and developing a site for the Bakery ~~Cafe~~ Café and for constructing and equipping the Bakery ~~Cafe~~ Café at such site. Lease negotiations by Franchisor or other contact with third party landlords, lenders, vendors, contractors or other third parties taken individually or collectively shall not constitute Franchisor's acceptance of any site, or any obligation to Franchisee. The acquisition in any manner of any proposed site, or entry into any obligation with respect thereto, prior to acceptance by Franchisor as provided herein, shall be at the sole risk and responsibility of Franchisee and shall not obligate Franchisor in any way to accept the same.

1.6 ~~1.6~~ Exclusive Territory. Subject to Franchisor's Retained Rights, during the period from the date of this Agreement until the expiration or earlier termination of this Agreement, and provided that the Franchisee is in compliance with this Agreement, Franchisor will not operate or grant a franchise for the operation of another ATLANTA BREAD COMPANY Bakery ~~Cafe~~ Café at any location within the Exclusive Territory set forth on the Selected Term Summary.

1.7 ~~1.7~~ Rights Retained by Franchisor. The license granted to Franchisee is expressly limited to the terms of Section 1.2. Franchisor and its Aftiliates retain all other rights, including the Retained Rights, without any liability whatsoever to Franchisee and without granting Franchisee any rights therein.

1.8 ~~1.8~~ Renewal. Upon the expiration of the Initial Term of this Agreement, Franchisee may, at Franchisor's sole option, renew this Franchise for one additional period of ten (10) years. Franchisee understands that renewal of the Franchise is not automatic and is in the sole discretion of Franchisor. Franchisee shall not be permitted to renew this Franchise pursuant to this Section 1.8 unless all of the following conditions are satisfied prior to renewal:

a. ~~a.~~ Franchisee shall deliver to Franchisor written notice of ~~Franchisee's~~ Franchisee's desire to renew not less than 180 days prior to the end of the Initial Term. If Franchisor does not receive this required written renewal notice within the required time frame, Franchisee will not be allowed to renew this Franchise. Such renewal shall be subject to Franchisor's prior approval, and in determining whether to approve Franchisee's renewal request, Franchisor may consider matters including, but not limited to, the changes in demographics for the site since the initial grant; whether sales are growing, stable or declining at the present site; the general viability of the trade area of the site; and Franchisee compliance with the standards of the System during the Initial Term, including operational performance, payment history and customer satisfaction/complaints. Franchisee may be relocated to a different site, at Franchisor's sole option. Any failure by Franchisor to respond to Franchisee's renewal request shall not constitute a default under this Agreement;

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b. ~~b.~~ Franchisee shall complete or provide for, at its own expense and to Franchisor's satisfaction, such maintenance, renovation and modernization of the Bakery/~~C~~afe Café premises as Franchisor may in its sole discretion require, including, but not limited to, replacement of signs, equipment, furnishings, and decor, to reflect the then-current image and standards of the System;

c. ~~c.~~ Franchisee shall provide satisfactory evidence that Franchisee has the right to remain in possession of the ~~"~~Accepted Loeation~~,"~~ or other location acceptable to Franchisor for the duration of the renewal term;

d. ~~d.~~ Franchisee and its Principals shall execute Franchisor's then-current form of franchise agreement and any accompanying addenda and ancillary agreements for the renewal term, which agreement shall supersede this Agreement in all respects, and the terms of which may differ substantially from the terms of this Agreement, including the royalty rate and advertising fees; provided, however, that Franchisor may require that Franchisee pay, in lieu of the Initial Franchise Fee, a Renewal Fee in the amount of thirty thousand dollars ($30,000.00), or the minimum Initial Franchise Fee required by the Franchisor at the time of renewal, whichever is greater, and that Franchisor may waive any pre-opening obligations to the extent they are inapplicable or already fulfilled by Franchisee to Franchisor's satisfaction;

e. ~~e.~~ Franchisee shall not be, when renewal notice is given, or at any time thereafter prior to the expiration of the Initial Term, in default of any provision of this Agreement or any Related Agreement; Franchisee shall not have had, when notice is given, or at any time thereafter prior to the expiration of Initial Term, three (3) or more defaults (even if cured) for failure to pay royalties or any other sums owed to Franchisor or any of its Affiliates during the term of this Agreement or any Related Agreement; and Franchisee shall have fully and faithfully complied with all the terms and conditions of such agreements during the terms thereof;

f ~~f.~~ Franchisee shall have satisfied all monetary obligations owed by Franchisee to Franchisor and its Affiliates, as well as to lessors, sublessors, vendors and suppliers of its Bakery/~~C~~afe~~,~~ Café and shall have timely met such obligations throughout the term of this Agreement;

g. ~~g.~~ Franchisee and its Principals and any entity in which they have any ownership interest or control, directly or indirectly, the business of which relates in any way to Franchisee's Franchise or Franchisor, shall execute a general release covering all existing ATLANTA BREAD COMPANY franchised Bakery/~~C~~afes Cafés in which such parties have an interest, in a form prescribed by Franchisor, of any and all claims against Franchisor and its Affiliates, and their respective officers, directors, agents, and employees;

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h. ~~h.~~ Franchisee shall comply with Franchisor's then-current qualification and training requirements; and

i. ~~i.~~ Franchisee shall have a sound credit rating with all trade purveyors and service agencies and sufficient financial resources to continue to operate the Franchise in accordance with the requirements of the then-current form of franchise agreement.

~~ARTICLE 2.~~
ARTICLE 2.
FEES, ROYALTIES AND OTHER PAYMENTS

2.1 ~~2.1~~ Initial Franchise Fee. Franchisee agrees to pay Franchisor an initial franchise fee of FORTY THOUSAND DOLLARS (S40,000.00) ("Initial Franchise Fee"), in lump sum in U.S. funds. If Franchisee currently operates one or more ATLANTA BREAD COMPANY Bakery~~/Cafes~~ Cafés, then the initial franchise fee shall be THIRTY THOUSAND DOLLARS ($30,000.00), in lump sum in U.S. Funds. The Initial Franchise Fee will be due and payable on the date this Agreement is executed by Franchisee. The Initial Franchise Fee shall be deemed fully earned and non-refundable in consideration of administrative and other expenses incurred by Franchisor in granting this Franchise and for Franchisor's lost or deferred opportunity to franchise others, except as described in Section 2.9.

2.2 ~~2.2~~ Royalty Fee. During the term of this Agreement, Franchisee agrees to pay to Franchisor, without any right of offset, a continuing weekly Royalty Fee in the amount of five percent (5%) of ~~Franchisee's~~Franchisee's weekly Gross Sales for the seven (7) day period ending at the close of business each Saturday.

2.3 ~~2.3~~ Time of Payment. Payments of the Royalty Fee must be received by Franchisor not later than 5:00 P.M. Eastern Time on Thursday of each week for the previous ~~week's~~week's business activity, at its principal offices, or such other place as Franchisor may designate, and must be accompanied by a weekly report on forms designated by the Franchisor setting forth a complete accounting of ~~Franchisee's~~Franchisee's Gross Sales and such other information as may be required by Franchisor.

2.4 ~~2.4~~ Automated Payments; Right to Setoff; Application of Payments. Franchisor reserves the right to require Franchisee to execute pre-authorized payment agreements with Franchisee's banking institutions pursuant to which all periodic payments and other charges to be made to Franchisor or its Affiliates, including rents, royalty, advertising and product purchase payments, will be made automatically to Franchisor from the Franchisee's banking accounts via electronic fund transfers. In such event, Franchisee will insure that there is a sufficient operating account balance on the day fund transfers are due Franchisor to expedite

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payment of the sums being transferred, and Franchisee will be responsible for all charges imposed by the Franchisee's tinancial institution. Franchisee agrees that Franchisor has the right to set off amounts Franchisee owes Franchisor or its Affiliates under this Agreement or any Related Agreement against amounts Franchisor or its Aftiliates may owe Franchisee. Notwithstanding designation by Franchisee to the contrary, all payments made by Franchisee under this Agreement will be applied by Franchisor at its discretion to any of Franchisee's past due indebtedness.

2.5 ~~2.5~~ Advertising Fees. In addition to the Royalty Fee described in Section 2.2 above, ~~if and when Franchisor establishes an Advertising Fund~~, Franchisee shall pay to Franchisor an advertising and marketing fee ("Advertising Fee") at the same time as the Royalty Fee, for the same seven (7) day period, and in the same manner, in an amount equal to three percent (3%) of ~~Franchisee's~~Franchisee's Gross Sales for the preceding week. for as long as Franchisor operates an Advertising Fund pursuant to Section 8.1 of this Agreement. This sum, less direct administrative expenses, will be used for advertising, sales promotion and public relations, including creative, production, media and clearance costs of advertising and sales promotion materials and those market research expenditures directly related to the development and evaluation of the effectiveness of advertising and sales promotion. All such expenditures shall be at the sole and exclusive discretion of Franchisor. In addition, Franchisee agrees to spend a minimum of one percent (1%) of annual Gross Sales for local marketing activities, including advertising, promotions and pubhc relations. All such local marketing activities shall be in accordance with Section 8.3.

2.6 ~~2.6~~ Grand Opening Expenditures. Franchisee shall expend, prior to the end of the second month of operation of ~~Franchisee's~~Franchisee's Franchise, a minimum of Fifteen Thousand Dollars ($15,000) for advertising and promotional items, which advertising and promotional items must be used or employed prior to the Bakery/~~Cafe~~ Café Opening Date or during the tirst two months of operation of the ~~Franchisee's~~Franchisee's Franchise. Franchisor may advise Franchisee regarding the preparation and placement of such advertising and promotional items. At least one day-long "open house" must be held where Franchisee invites prospective customers to visit the Bakery/~~Cafe~~ Café to verify all systems are in order and for additional training of staff with customer comments. All advertising or promotional materials used by Franchisee must be approved in advance by Franchisor prior to use by Franchisee pursuant to Article 8.

2.7 ~~2.7~~ Late Payments. Any payment or report not acmally received by Franchisor on or before the date when due shall be deemed overdue. If any payment is overdue, Franchisee shall pay to Franchisor, immediately upon demand and in addition to the overdue amount, interest on the overdue amount from the date when due until paid in full, calculated on a daily basis, at a rate of one and one-half percent (1 1/2%) per month, or the maximum rate permitted by law, whichever is less. Interest shall aecme on all late payments regardless of whether Franchisor exercises its right to terminate this Agreement under Article 17. In addition to its right to charge interest, Franchisor may charge Franchisee a Seventy-Five Dollar (S75) late payment fee or the maximum amount permitted by applicable law, whichever is less, for each such overdue payment, and a Seventy-Five Dollar ($75) insufficient funds fee or the maximum

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amount permitted by applicable law, whichever is less, for each check, automated bank draft payment, or other payment that is not honored by Franchisee's financial institution.

2.8 ~~2.8~~ Franchisee's Uneonditional Obligation to Pay. Franchisee's obligation to pay any and all of the fees and charges set forth in this Agreement in accordance with the terms of this Agreement is absolute and unconditional. Franchisee shall not have the "right of offset" or the "right to escrow" funds in the event of any dispute, whether financial, tort, contract or otherwise, between Franchisee and Franchisor or any other party specitied under this Agreement. Franchisor shall have the right, but not the obligation, to collect unpaid fees or charges of any type in its own name, but upon collection shall credit the fees or charges to the appropriate account or party, after deduction for fees and costs of collection. Franchisor reserves the right to demand that any or all fees or charges assessed, now or in the future, be paid, at Franchisor's option, by cash, certified cheek, ~~cashier's~~cashier's cheek, money order or wire transfer. Acceptance of partial payments by Franchisor at the time when payment is due or during any applicable cure period does not constitute cure of a defauh under this Agreement or a tolling of any applicable cure period, and will not require that Franchisor provide any additional default notices to Franchisee under the provisions of this Agreement. The fees and charges paid by Franchisee under this Agreement (other than the Initial Franchise Fee as set forth herein) are not refundable to Franchisee under any circumstances.

2.9 ~~2.9~~ Partial Refund of Initial Franchise Fee. If this Agreement is terminated during the Pre-Opening Period before the Bakery/Cafe opens because of the Franchisee's death, if Franchisee is a natural person, or because Franchisee is unable to obtain all necessary permits and licenses during the Pre-Opening Period as a result of causes beyond the control of Franchisee (unless the requirement for the issuance of such permits and licenses is waived in writing by Franchisor), any such cause to be approved by Franchisor in writing, then Franchisor shall retain one-third (1/3) of the Initial Franchise Fee, and two-thirds (2/3) of the Initial Franchise Fee will be refunded to the Franchisee within thirty (30) days of the date of termination of this Agreement. Once the Bakery/~~Cafe~~ Café opens, or in the event of expiration or termination of this Agreement for any other reason, the Initial Franchise Fee or any portion thereof shall not be refundable. Franchisor and its Aftiliates will not under any circumstances be required to refund or reimburse Franchisee for any other costs incurred during the Pre-Opening Period, including construction costs, build-out costs or relocation costs.

~~ARTICLE 3.~~
ARTICLE 3.
UNIFORM STANDARDS AND COMPLIANCE WITH THE SYSTEM

3.1 ~~3.1~~ General. Franchisee acknowledges that franchising is a method of selling goods or services in a consistent manner and that ~~Bakery/Cafe~~ customers expect a similar ~~shopping~~ experience at a franchised ~~business~~ATLANTA BREAD COMPANY Bakery Café, regardless of its location or operator. ~~Franchisee recognizes the importance of these concepts and agrees to participate in and comply with the requirements of the Atlanta Bread Company System,~~

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which promotes a uniform method of operating an ATLANTA BREAD COMPANY Bakery/Cafe. Franchisee acknowledges that every component of the System, including, but not limited to, Bakery/Cafe Café design and color schemes, signage, interior decor and equipment systems requirements, training, menu and service format, Product requirements, and the provisions ofstandards and policies set forth in the Manuals, is reasonable, necessary and essential to promoting a uniform and consistent method of operating an ATLANTA BREAD COMPANY Bakery Café and lo the image and success of the System, toand that compliance by all Franchisees, and to the operationfranehisces with the System provides the basis for wide public acceptance of Franchisee's Bakery/Cafe the System and will benefit the System, the Franchisor, and all franchisees. Accordingly, Franchisee agrees to and shall comply with all aspects of the System (including all standards, procedures and specifications in the Manuals) as it now exists and as it may be modified from time to time. Franchisee recognizes and agrees that Franchisor may prohibit Franchisee from using the System and the Marks, if Franchisee fails to design, constmct, equip or fumish its Bakery/Cafe Café in compliance with the specificafions designated by Franchisor, unless prior written approval has been received from Franchisor authorizing a variance therefrom.

3.2 3.2 Franchisor Modificafion. The parties agree that the System may be supplemented, improved, and otherwise modified from time to time by Franchisor in response to the opportunity to offer new services and Products to customers of Bakery/Cafes operating under die System, changes in technology, competifive circumstances, customer expectations, the experience of Bakery/Cafes Cafés over fime, and other market variables or factors. In addition, the parties agree that, in the interest of preserving the integrity of the System, Franchisor shall have full control and discretion over such developments, and that Franchisee shall comply with all requirements ofchanges, modifications and improvements to the System that arc required by Franchisor and shall make such expenditures as such changes, modifications or improvements to the System may require in that regard, whether or not such changes directly benefit Franchisee's Bakery/Cafo. Café.

3.3 3.3 Franchisee Modification. If Franchisee develops any new modification, concept, process, improvement or slogan in the operation or promotion of the Bakery/Cafe Café or to the System, the same shall be deemed a work made for hire owned exclusively by Franchisor, and Franchisee shall promptly notify Franchisor of, and provide Franchisor with, all necessary information regarding such modification, concept, process, improvement or slogan, without compensation to Franchisee. Franchisee hereby assigns, transfers and conveys to Franchisor all rights, title and interests in and to any such modifications, concepts, processes, improvements or slogans and irrevocably constitutes and appoints Franchisor as Franchisee's attorney-in-fact, coupled with an interest, to execute and deliver any documents required to effecmate such assignment, transfer or conveyance on behalf of Franchisee. Franchisor may use or allow other franchisees to use the same in connection with the System or the operation of their Bakery/Cafes Cafés, without compensafion to Franchisee. Notwithstanding the foregoing, in recognition of Franchisor's full control and discretion over such developments, any such new modification, concept, process, improvement or slogan shall not be used by Franchisee without the prior written consent of Franchisor.

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3.4 ~~3.4~~ Varying Standards. Because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specitically reserves the right and privilege, at its sole and absolute discretion and as it may deem in the best interests of all concerned in any specitic instance, to vary standards for any franchisee based upon the peculiarities of a particular site or circumstance, density of population, business potential, population or trade area, existing business practices, or any other condition which Franchisor deems to be of importance to the sueeessfiil operation of such ~~Franchisee's~~Franchisee's business. Franchisee shall not have any right to complain about a variation from standard specifications and practices granted to any other Franchisee and shall not be entitled to require Franchisor to grant to Franchisee a like or similar variation.

~~ARTICLE 4.~~
ARTICLE 4.
CONSTRUCTION AND LEASE OF PREMISES BY FRANCHISEE

4.1 ~~4.1~~ Construction and Opening of the Bakery~~/Cafe~~ Café by Franchisee.

a. ~~a.~~ Layout and Specifications. Franchisor shall provide to Franchisee a copy of generic plans for an ATLANTA BREAD COMPANY Bakery~~/Cafe.~~ Café Franchisee shall conform the generic plans to the applicable building code requirements for the jurisdiction in which Franchisee's Bakery~~/Cafe~~ Café is located. Franchisee is solely responsible for securing all permits and licenses necessary for constmction and operation of the Bakery~~/Cafe.~~ Café Franchisee shall, at its sole expense, employ architects, designers, engineers, contractors and others as may be necessary to complete, adapt, modify or substitute the generic building plans and specifications for the Bakery~~/~~ Cafe. Two (2) copies of the actual city or county-approved site plan showing easements, access and building position, a copy of the city or county-approved building plans and design, and a copy of a soil report, if applicable, must be approved in writing by Franchisor as meeting Franchisor's standards and requirements prior to commencement of constmction. Any deviation from approved plans must be resubmitted by Franchisee and approved by Franchisor in writing prior to making such deviation. In addition, prior to commencement of constmction, Franchisee must provide to Franchisor two (2) copies of any applicable bids for constmction. Franchisor may provide Franchisee with names of contractors; however, it shall be and shall remain the sole responsibility of Franchisee to design, constmct, equip and otherwise ready and open the Bakery~~/Cafe.~~ Café. Franchisee must also provide to Franchisor one (1) copy of each required constmction permit within five (5) days of the date such permit(s) is (are) received by Franchisee. Franchisee may not commence constmction of the Bakery~~/Cafe~~ Café until Franchisor has reviewed and accepted the constmction contract and the required permits and licenses specified herein. Franchisee shall not commence operation of the Bakery~~/Cafe~~ Café until Franchisor has accepted the building and equipment to be used by Franchisee as meeting ~~Franchisor's~~Franchisor's standards and requirements. Approval of plans and design shall include the review of the design and type of signs or other indicia to be used to identify Franchisee and the Bakery~~/Cafe.~~ Café. Subject to Franchisee's lease agreement, and any local mles, laws and ordinances, Franchisee shall install a

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free-standing pole/pylon sign if possible, and in any event, a free-standing sign in front of the Bakery/~~Cafe~~ Café, and signage upon the building, in the maximum square footage authorized by the applicable building code and Franchisee's lease agreement, prior to opening of the Bakery/~~Cafe.~~ Café. Upon written notice, Franchisee shall correct or remove any plans or modifications made to the Bakery/~~Cafe~~ Café without prior approval by Franchisor. In the event Franchisee does not make such corrections in a timely manner, Franchisor shall have the right, but not the obligation, to make such corrections. Any costs incurred by Franchisor in making such corrections shall be reimbursed to Franchisor by Franchisee within thirty (30) days from receipt of an invoice.

b. ~~b.~~ Construction and Inspection. Franchisee shall use a licensed, bondable general contractor. Franchisee must obtain Franchisor's prior, written approval of any and all changes in the Bakery/~~Cafe~~ Café plans and specifications prior to construction of the Bakery/~~Cafe~~ Café or the implementation of such changes. Franchisor shall have full access to the Bakery/~~Cafe~~ Café while construction is in progress and may require such reasonable alterations or modification of the construction of the Bakery/~~Cafe~~ Café as it deems necessary. The Bakery/~~Cafe~~ Café will not be allowed to open if it does not conform to the plans and specifications approved by Franchisor, including any changes to such plans and specifications approved by Franchisor. If the Bakery/~~Cafe~~ Café is found to contain unauthorized components, Franchisee, at Franchisee's expense, shall be required to reconstruct the Bakery/~~Cafe~~ Café premises to conform to the specifications previously approved by Franchisor, before authorization to open the Bakery/~~Cafe~~ Café will be granted by Franchisor.

c. ~~c.~~ Opening of Bakery/~~Cafe.~~ Café. Franchisee shall open its Bakery/~~Cafe~~ Café within the Pre-Opening Period; provided, however, that in the event Franchisee is delayed from performing within such time period because of reasons beyond its control, then performance shall be excused for the period of the delay and the period for performance shall be extended for a period equivalent to the period of such delay. Franchisee agrees to open its Bakery/~~Cafe~~ Café within four (4) weeks of a determination by Franchisor that the building in which the business is to be located is ready for use. Time is of the essence in this Agreement.

d. ~~d.~~ DISCLAIMER. ALTHOUGH FRANCHISOR SHALL BE PERMITTED TO INSPECT AND ENSURE CONFORMITY WITH ITS PLANS AND SPECIFICATIONS, FRANCHISOR AND ITS AGENTS ARE NOT LICENSED CONTRACTORS AND SHALL NOT BE RESPONSIBLE FOR DELAYS IN THE CONSTRUCTION, EQUIPPING OR DECORATION OF THE BAKERY/~~CAFE~~ CAFÉ OR FOR ANY LOSS OR DAMAGE TO FRANCHISEE OR ANY THIRD PARTY RESULTING FROM THE DESIGN OR CONSTRUCTION OF THE BAKERY/~~CAFE~~ CAFÉ.

4.2 ~~4.2~~ Lease of Bakery/~~Cafe~~ Café Premises by Franchisee. ~~–~~Franchisee shall enter into a written lease or sublease agreement for the Bakery/~~Cafe~~ Café premises (even if

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Franchisee or an Affiliate or Principal of Franchisee owns the premises on which the Bakery/~~Cafe~~ Café will be located) in such form and on such terms and conditions that are satisfactory to Franchisor. Such lease or sublease for the Bakery/~~Cafe~~ Café premises shall: (1) provide for notice to Franchisor of, and Franchisor's Franchisor's right to cure, ~~Franchisee's~~Franchisee's default under the lease or sublease; (2) provide for ~~Franchisee's~~Franchisee's right to assign its interest under the lease or sublease to Franchisor without the ~~lessor's~~lessor's or ~~sublessor's~~sublessor's consent; (3) authorize and require the lessor or sublessor to disclose to Franchisor, upon ~~Franchisor's~~Franchisor's request, sales and other information furnished to the lessor or sublessor by Franchisee; (4) provide that Franchisor shall have the right to take possession of the Bakery/~~Cafe~~ Café premises and operate the Bakery/~~Cafe~~ Café upon a default by Franchisee (after giving effect to any applicable cure periods) under this Agreement; (5) provide that Franchisor shall have the right, in its sole discretion, upon termination or expiration (without renewal) of this Agreement to assume the lease or sublease; (6) provide for a term that is not less than the Franchise Term; and (7) contain the addendum attached hereto as Exhibit G as an Exhibit to the lease or sublease. Franchisee agrees that it will not execute a lease or sublease without the prior written review and approval of the lease or sublease by Franchisor (in the form as it is to be executed by Franchisee). Franchisee shall deliver a copy of the signed lease or sublease to Franchisor within five (5) days of its execution. Franchisee further agrees that it will not execute or agree to any amendment, renewal, extension or modification of the lease or sublease without the prior written approval of Franchisor. Franchisee shall submit, in writing, to Franchisor all proposed amendments, renewals, extensions or modifications to the lease or sublease for the Bakery/~~Cafe~~ Café premises (collectively, the "Proposed Changes") for Franchisor's prior written approval. If Franchisee does not receive written approval of such Proposed Changes within thirty (30) days from the date on which Franchisor receives the Proposed Changes, the Proposed Changes will be deemed "rejected" by Franchisor.

4.3 ~~4.3~~ Lease of Bakery/ Cafe Premises by Franchisee from Franchisor or Its Designee. In the event Franchisor develops the Bakery/~~Cafe~~ Café and leases or subleases the Bakery/~~Cafe~~ Café premises to Franchisee, Franchisee agrees to enter into a lease or sublease for the premises with, at ~~Franchisor's~~Franchisor's option, Franchisor or its designee. Franchisee recognizes that, in the event Franchisor or its designee leases the premises to Franchisee, rent payable under the lease will include an additional fee during the term of the lease or sublease of One Hundred Fifty Dollars ($150.00) per month to Franchisor or its designee over and above the rent payable under the primary lease for the acquisition, by purchase or lease, or otherwise, of the Bakery/~~Cafe~~ Café premises.

4.4 ~~4.4~~ Modifications. Upon completion of construction of the Bakery/~~Cafe~~ Café premises, no modifications or alterations shall be made to the Bakery/~~Cafe~~ Café by Franchisee without Franchisor's prior written consent.

4.5 ~~4.5~~ Maintenance and Repair. Franchisee shall be solely responsible for maintenance and repair of the Bakery/~~Cafe~~ Café premises, the equipment and any other equipment, decor, furnishings, fixtures and tangible property in, on and about the Bakery/~~Cafe~~ Café premises, and the liabilities arising therefrom. Franchisee shall comply with the

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requirements for maintaining and replacing its equipment, decor, furnishings, fixmres and all other tangible property in, on and about the Bakery/~~Cafe~~ Café premises in accordance with this Agreement and the Manuals.

4.6 ~~4.6~~ WARRANTY DISCLAIMER. FRANCHISEE ACKNOWLEDGES AND AGREES THAT FRANCHISOR MAKES NO WARRANTIES, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO ANY OF THE SIGNS, FIXTURES, FURNISHINGS, DECOR, ACCEPTED EQUIPMENT, OTHER EQUIPMENT, PRODUCTS, SUPPLIES AND MATERIALS USED IN CONNECTION WITH THE BAKERY/~~GAFE~~ CAFÉ (COLLECTIVELY REFERRED TO AS THE "~~)~~MATERIALS~~");~~"). THE AMOUNT WHICH FRANCHISEE MAY BE REQUIRED TO EXPEND TO ACQUIRE SUCH MATERIALS, NOR OF THE FITNESS OF THE MATERIALS FOR ANY PARTICULAR PURPOSE. ORAL STATEMENTS MADE BY FRANCHISOR OR ~~FRANCHISOR'S~~FRANCHISOR'S EMPLOYEES OR AGENTS, OR STATEMENTS CONTAINED IN ~~FRANCHISOR'S~~FRANCHISOR'S MANUALS OR OTHER PRINTED DOCUMENTS, OR ANY MANUFACTURER'S GENERAL ADVERTISING OR PRINTED DOCUMENTS, DO NOT CONSTITUTE WARRANTIES AND FRANCHISEE AGREES THAT IT DOES NOT PLACE AN ORDER FOR ANY MATERIALS IN RELIANCE UPON THEM. ANY MODEL OR SAMPLE SHOWN TO FRANCHISEE IS USED MERELY TO ILLUSTRATE THE GENERAL TYPE AND QUALITY OF THE MATERIALS AND NOT TO REPRESENT OR WARRANT THAT THE MATERIALS WOULD CONFORM TO SUCH MODEL OR SAMPLE.

FRANCHISEE SHALL INDEMNIFY AND HOLD FRANCHISOR HARMLESS FROM AND AGAINST, AND FRANCHISOR SHALL NOT BE LIABLE FOR, ANY AND ALL DEMANDS, LOSSES, LIABILITIES, COSTS, EXPENSES, AND DAMAGES, INCLUDING WITHOUT LIMITATION ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES, WHICH MAY ARISE IN CONNECTION WITH THE SALE OR USE OF THE MATERIALS, WHETHER WITH RESPECT TO CLAIMS OF BREACH OF CONTRACT, BREACH OF WARRANTY, NEGLIGENCE OR OTHER CLAIMS. IN PARTICULAR, FRANCHISOR SHALL NOT BE LIABLE FOR LOSS OF SALES, REVENUES AND/OR PROFITS AND/OR CLAIMS OF FRANCHISEE OR ANY THIRD PARTIES.

~~ARTICLE 5.~~
ARTICLE 5.
SERVICES FURNISHED BY FRANCHISOR

Franchisor agrees during the term of this Agreement to provide the following assistance and services:

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5.1 ~~5.1~~ Site Selection. Franchisee has the sole responsibility for selecting a site. Franchisor shall then review and approve or disapprove the ~~Franchisee's~~Franchisee's site and/or lease agreement, based on an analysis of local competing businesses, population density and other demographics, visibility and accessibility, traffic pattems, the neighborhood, suitability of the premises to be leased and other factors more fully described in the Manuals. The suitabitity of a site is determined on a case-by-case basis. Franchisor's approval of a site does not eonstitute a guarantee by Franchisor that the Franchise will be protitable at that site.

5.2 ~~5.2~~ Plans and Specifications. Franchisor will provide generic plans and specitications for the prototypical Bakery~~/Cafe~~ Café, its construction, layout, decor, design, exterior design, equipment and fixtures.

5.3 ~~5.3~~ Advisory Assistance and Services. Franchisor shall provide such initial and continuing advisory assistance as Franchisor, in its sole discretion, deems advisable in the opening and operation of the Franchise. In addition, Franchisor shall provide such general services and other assistance as Franchisor, in its sole discretion, deems necessary and appropriate. Franchisor shall provide such assistance at no expense to Franchisee; provided, however, Franchisor reserves the right, in its sole discretion, to charge Franchisee a reasonable fee for unusual, extensive or extraordinary assistance requested by Franchisee and/or require Franchisee to reimburse Franchisor for expenses incurred by it in connection with providing such services. In no event shall Franchisor be liable to Franchisee in connection with providing or failing to provide such services.

5.4 ~~5.4~~ Training. Franchisor shall make available such training programs and refresher courses for Franchisee (or, if Franchisee is not an individual, its Designated Principal) and Franchisee's Bakery~~/Cafe~~ Café managers and employees, as it deems appropriate.

a. ~~a.~~ Franchisee/Manager Initial Training. As a condition to the right to franchise and operate its Bakery~~/Cafe~~ Café and prior to the Bakery~~/Cafe~~ Café Opening Date, Franchisee, and if Franchisee is not an individual, its Designated Principal, and Franchisee's Bakery~~/Cafe~~ Café manager(s) must attend and successfully complete to Franchisor's sole satisfaction Franchisor's initial training program. The exact days will be mutually selected by Franchisor and Franchisee. Such training program shall be at no charge to the Franchisee, but Franchisee shall be responsible for any salary, travel, lodging, meal or other costs for the attendee(s) of the training program. Franchisee must have at least one fully trained, full-time manager operating the Franchise during the entire term of this Agreement.

b. ~~b.~~ Initial Training of Franchisee's Baker. Prior to the Bakery~~/Cafe~~ Café Opening Date, one (1) baker for ~~Franchisee's~~Franchisec`s Bakery~~/Cafe~~ Café must complete, to Franchisor's sole satisfaction, a training course at ~~Franchisor's~~Franchisor's main oftices, or such location as designated by Franchisor. Such training will take approximately two (2) weeks.

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Successful completion of this training course is mandatory prior to the opening of ~~Franchisee's~~Franchisee's Bakery~~/Cafe.~~ Café. Franchisor will not charge Franchisee for such initial training, but Franchisee must pay for all necessary salary, lodging, meals, travel and other expenses related to the ~~baker's~~shaker's training. Any and all subsequent bakers employed by Franchisee must successfully undergo this training, regardless of the ~~baker's~~baker's past experience or qualifications. If Franchisee, at any time during the term of this Agreement, does not have a baker properly trained and qualified by Franchisor, Franchisor may, but shall not be obligated to, supply Franchisee with a qualified and trained baker from its own staff, if available, for the period in which Franchisee is without a trained and qualified baker. In such a case, at the end of each week, Franchisee shall pay Franchisor the salary and expenses, including travel and transportation costs, incurred by the loaned baker while at Franchisee's location. Franchisee is required, at all times and without exception, to have a baker preparing the baked goods who is a Franchisor certified baker.

e. ~~e.~~ Ongoing Training. At Franchisor's option, any manager subsequently employed by Franchisee shall attend and complete, to Franchisor's sole satisfaction, Franchisor's inifial training program. In addition, Franchisee, and if Franchisee is not an individual, Franchisee's Designated Principal, managers and other employees shall attend such refresher courses, seminars, and other training programs as Franchisor may require from time to time. All training programs shall be at such times and places as may be designated by Franchisor. Franchisor shall provide such instructors and training materials for all required training programs as Franchisor may deem appropriate. Franchisee or its employees shall be responsible for any and all other expenses incurred by them in connection with any training program, including the cost of travel, lodging, meals, and wages.

d. ~~d.~~ Employee Training. Franchisee or Franchisee's manager(s) shall be responsible for training all of Franchisee's employees. Franchisor will provide training resources, at Franchisee's expense, to assist Franchisee with the training of its hourly employees. Franchisee shall at all times maintain a competent, conscientious, trained staff, including fully trained employees, who are qualified to operate required equipment, and who render competent, prompt, courteous and knowledgeable scrviee to Bakery~~/Cafe~~ Café customers.

5.5 ~~5.5~~ Manuals. Franchisor shall provide to Franchisee, on loan, one (1) copy of the Manuals.

5.6 ~~5.6~~ Suppliers. Franchisor shall provide Franchisee a list of approved suppliers of necessary Products and supplies. As of the date of this Agreement, Franchisor's affiliate, Bake One, Inc., supplies scratch baked bakery goods, ready for proofing and finish-baking at the Bakery Café, which are offered for sale to Franchisee through approved distributors.

5.7 ~~5.7~~ Store Opening. Franchisor has the right, but is not obligated, to provide personnel to assist Franchisee during the opening week of the Franchisee's Bakery Café. Should

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Franchisor exercise this right. Franchisor's personnel shall assist and direct these opening activities with the Franchisee.

5.8 Store Inspection. From time to time, Franchisor, its agent or designee, on its own initiative or as may be reasonably requested by Franchisee, shall completely inspect the Store and its operation to evaluate compliance with the System, the Manuals, and the Agreement, and shall prepare and deliver a written confidential report to Franchisee containing the results of any such inspection.

5.9 Merchandising/Advertising/Marketing Assistance. From time to time Franchisor may, at its sole discretion, consult with and advise Franchisee concerning recommended merchandise suppliers, equipment, inventory, and other matters relating to the Bakery Café's merchandising activities, and concerning recommended programs available for promotional advertising and marketing.

5.10 Other Consultation and Services. From time to time Franchisor may provide, as it deems appropriate in its complete discretion, consultation, advice, guidance and services in addition to those enumerated above, either with or without cost to Franchisee.

~~5.7~~5.11Pricing. Franchisee shall have the right to sell its Products and to offer its services at any prices Franchisee may determine, and shall in no way be bound by any price which may be recommended or suggested by Franchisor; provided, however, that to the extent permitted by law, Franchisor shall have the right to establish maximum prices for any given Product or service offered by Franchisee. Subject to the foregoing, Franchisee shall not exceed any maximum price established by Franchisor, but remains free to charge any price below the maximum price established by Franchisor. Franchisee acknowledges that Franchisor and its Affiliates and any of their respective licensees may sell the same Products as Franchisee at discounted prices or other retail prices below those established by Franchisee. Nothing contained herein shall be deemed a representation by Franchisor that the use of the ~~Franchisor's~~Franchisor's suggested prices will in fact optimize profits.

~~ARTICLE 6.~~

OBLIGATIONS OF FRANCHISEE; ARTICLE 6.BAKERY/~~GAFE~~ CAFÉ SYSTEM AND PROCEDURES

6.1 ~~6.1~~ Pre-Opening Obligations.

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a. ~~a.~~ Compliance with Law. Franchisee shall comply with all federal, state and local laws, mles and regulations and shall timely obtain any permits, certificates or licenses necessary for the full and proper conduct of the Franchise, including licenses to do business, fictitious name registrations, sales tax permits, tire clearances and zoning and building approvals.

b. ~~b.~~ Conditions to Bakcry/~~Cafe~~ Café Opening and Grant of Franchise. As a condition to the right of Franchisee to open and operate its Bakcry/~~Cafe~~ Café and use the System and the Marks, Franchisee must (i) complete, to the sole satisfaction of Franchisor, all of the requirements and obligations set forth herein required to be performed by Franchisee prior to opening the Bakery/~~Cafe~~ Café, including, but not limited to, the requirements and obligations in Sections 1.4, 2.1, 4.1, 4.2, 4.3, 5.4.a., 5.4.b., 6.1.a., 6.19, 26.1, 26.2 and 26.4, (ii) provide to Franchisor personal guarantees of Franchisee's payment and other performance obligations under this Agreement and any Related Agreements, executed by Franchisee and his or her spouse, or if Franchisee is not an individual, by Franchisee's Principals and their respective spouses, in a form prescribed by Franchisor as it deems necessary for adequate security, and (iii) be in full compliance with the terms of this Agreement and all Related Agreements. The foregoing requirements shall be collectively referred to herein as the "Pre-Opening Obligations." Time is of the essence in the performance of all Pre-Opening Obligations.

e. ~~e.~~ Failure to Meet Conditions for Bakery/~~Cafe~~ Café Opening and Grant of Franchise. Franchisee shall not use the Marks or System, except to the extent necessary to fultill Franchisee's Pre-Opening Obligations, and may not under any circumstances commence operation of its Bakery/~~Cafe~~ Café prior to the timely eomplction of the Pre-Opening Obligations to the sole satisfaction of Franchisor. If full performance of the Pre-Opening Obligations is not completed by Franchisee during the Pre-Opening Period, or if Franchisee has not opened its Bakery/~~Cafe~~ Café on or before the last day of the Pre-Opening Period, then Franchisor may, upon notice without opportunity to cure, terminate the right of Franchisee to franchise, and immediately upon such notice, all rights, powers and privileges related thereto and under this Agreement shall terminate and shall be of no further force and effect, and Franchisee shall have no right to establish or operate a Bakery/~~Cafe~~ Café within any proposed territory or at the Accepted Location, and Franchisor shall be entitled to establish and to license others to establish Bakery/~~Cafes~~ Cafés within any proposed territory or at the Accepted Location. If Franchisee has not opened its Bakery/~~Cafe~~ Café on or prior to the end of the Pre-Opening Period, Franchisor may (but shall not be obligated to) extend the Pre-Opening Period for such period of time as Franchisor determines, in its sole discretion, by written notice to Franchisee. No written communication other than such a written extension shall be deemed a written notice for this purpose.

6.2 ~~6.2~~ Name of Franchise. Franchisee shall operate the Franchise under the trade name ATLANTA BREAD COMPANY and shall use no other name in connection with any operation conducted from the Accepted Location without the prior written consent of Franchisor.

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6.3 ~~6.3~~ Operate Franchised Business Only. Franchisee shall use the Bakery/~~Cafe~~ Café premises solely for the operation of the Franchise and agrees not to permit any person to carry on or conduct any other business, activity or operation at, in or about the Bakery/~~Cafe~~ Café premises without the prior written consent of Franchisor. Franchisee shall use the System and the Marks for the operation of the Franchise and shall not use them in connection with any other line of business or any other aefivity.

6.4 ~~6.4~~ Compliance With Laws. Franchisee shall comply with all federal, state and local laws, rules, regulations, and ordinances and shall obtain and at all times maintain any and all permits, certificates, or licenses necessary for full and proper operation of the Franchise. Franchisee acknowledges that Franchisor's standards may exceed any and all of the requirements of such laws.

6.5 ~~6.5~~ Ethical Conduct. Franchisee shall in all aspects of Bakery/~~Cafe~~ Café operations and in dealings with customers, suppliers, landlords, Franchisor and its Affiliates, other franchisees and the general public adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. Franchisee agrees, and shall cause its employees, to refrain from any conduct, business or advertising practice which may be injurious or prejudicial to the reputation or business of Franchisor, the System, and the goodwill associated with the Marks and other ATLANTA BREAD COMPANY Bakery/~~Cafes~~ Cafés.

6.6 ~~6.6~~ Employees. Franchisee shall maintain a fully trained competent staff, including at least one (1) full-time manager trained and approved by Franchisor, capable of rendering courteous, quality service to customers. Franchisee shall take such steps as are necessary to ensure that its employees prescrve good customer relations, comply with the requirements, specifications and standards set forth in this Agreement or prescribed in the Manuals or otherwise in writing, and, at the sole cost of Franchisee and/or its employees, comply with such dress code requirements as Franchisor may prescribe, including, but not limited to, wearing any required uniforms and name tags in a clean and neat condition at all times while working in the Bakery/~~Cafe~~ Café.

6.7 ~~6.7~~ Bakery/~~Cafe~~ Café Management. Franchisee (or if Franchisee is an Entity, its Designated Principal) and/or its manager(s) shall devote full time energy and best efforts to the management and operation of Franchisee's Bakery/~~Cafe.~~ Café. Franchisee (or if Franchisee is an Entity, its Designated Principal) shall personally manage Franchisee's Bakery/~~Cafe~~ Café during the opening week and for eight (8) weeks thereafter, unless otherwise approved by Franchisor.

6.8 ~~6.8~~ Products, Equipment, and Supplies.

a. ~~a.~~ Use of Approved Products, Equipment, and Supplies. Franchisee shall: maintain in sufficient supply, and shall at all times purchase, sell, and use, only such

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Products, inventory, equipment, fixmres, materials, supplies, and other items (collectively, "items") as Franchisor shall prescribe or approve in advance in writing (in the Manuals or othcrwise); refrain from using or selhng any items that Franchisor has not expressly approved for use or sale at the Bakcry/~~Cafe~~ Café; not wholesale, directly or indirectly, any items at the Bakcry/~~Cafe~~ Café or otherwise; promptly (or immediately, if so directed by Franchisor) discontinue selling and offering for sale any items or scrviees that Franchisor may, in its sole discretion, disapprove at any time for any reason whatsoever; purchase all items required for the operation of or sold at the Bakery/~~Cafe~~ Café solely from suppliers (including manufacturers, wholesalers, and distributors) that Franchisor has approved in writing (in the Manuals or othcrwise) to sell such items to Franchisee at that time; purchase, install, operate and maintain in good working order, in the ordinary course of business, at Franchisee's expense (such expense to include reasonable maintenance fees), such fixtures, fumishings, signs and other equipment, including a POS System, and such other computerized equipment with such upgrades to the system and equipment as Franchisor may reasonably direct from time to time in the Manuals or othcrwise in writing; and not install or permit to be installed in, on or about the Bakery/ Cafe premises, without Franchisor's prior written consent, any fixtures, tiimishings, signs, equipment, or other improvements not previously approved as meeting Franchisor's standards and specifications. All suppliers must be approved in writing by Franchisor and not thereafter disapproved. Franchisor has the absolute discretion to approve or disapprove any items or suppliers for any reason whatsoever. Further, Franchisor may revoke its approval of a previously approved supplier at any time for any reason whatsoever. As any items become obsolete or inoperable, Franchisee will replace such items with the types and kinds of items as are then specified and accepted by Franchisor for use in ATLANTA BREAD COMPANY Bakery/~~Cafes.~~ Cafés. If Franchisor determines that additional or substitute items are needed because of a change in menu items or methods of preparation, scrvice or operation, Franchisee will install, at its own expense, the new items within the time frame time specified by Franchisor.

b. b.——Approval of Unapproved Suppliers. If Franchisee desires to purchase any items from an unapproved supplier, Franchisee shall submit to Franchisor a written request for such approval. In considering any supplier, Franchisor may consider factors such as the ~~supplier's~~supplier's financial strength, quality control, and capacity to supply ~~Franchisoo's~~Franchisee's needs promptly and reliably. Franchisor shall have the right to require, as a condition of its approval and review, that its representatives be permitted to inspect the facilities of the proposed suppher and that the proposed item be delivered to Franchisor or its designee for testing. The cost of such inspection and testing shall be paid by Franchisee or supplier, and Franchisor shall not be liable for damage to or for the return of any sample. No supplier shall be deemed approved by Franchisor, unless such approval is given by Franchisor in writing. Franchisor reserves the right to re-inspect the facilities and to retest the product of any approved supplier and to revoke any approval previously given for any reason whatsoever. Franchisor or its authorized representatives may at any time during normal business hours enter Franchisee's Bakery/~~Cafe~~ Café and remove any items or stop any scrvices that are not approved by Franchisor, not provided by suppliers approved by Franchisor, or which are othcrwise prohibited by this Agreement or applicable law.

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c. ~~c.~~ Additional Franchisor Rights. Franchisor reserves the right to require Franchisee to purchase designated proprietary items and Products, and Products bearing the Marks, as specified in the Manuals from time to time, from Franchisor or its Affiliates or from sources designated or approved by Franchisor, to the extent permitted by law. Franchisor and its Affiliates may derive profits from the sale of required or optional items. Without limiting the generality of the foregoing, Franchisor and its Affiliates may receive payments, discounts or other consideration from suppliers in consideration of such suppliers' dealings with Franchisee and/or other franchisees of Franchisor. Any such amounts and benefits shall be kept by Franchisor as compensation for locating and negotiating with suppliers for franchisees and may be used by Franchisor without restriction. Franchisor is not required to give Franchisee an accounting of supplier payments or to share the benefit of supplier payments with Franchisee or other franchisees of Franchisor.

6.9 ~~6.9~~ No Vending Machines Without Franchisor Approval. Jukeboxes, games of chance, video games, newspaper racks, ~~chiidren's~~children's rides, telephone booths, and cigarette, gum, candy, or other vending machines may not be installed in, on or about the Bakery/~~Cafe~~ Café premises without the prior written consent of Franchisor, and only then in such manner as prescribed by Franchisor for all of its franchisees.

6.10 ~~6.10~~ Maintain Regular Business Hours. Franchisee shall keep its Bakery/~~Cafe~~ Café open and in normal operation during normal business hours for its geographical region, for Seven (7) days per week, Fifty-Two (52) weeks per year, with minimum hours of 6:30 A.M. to 9:00 P.M., except Christmas Day, Thanksgiving Day, New Year's Day, unless otherwise authorized in writing by Franchisor (subject to local ordinances or lease restrictions, if any). Such minimum hours and days of operation may be changed as Franchisor may from time to time specify in the Manuals. If Franchisee operates the Bakery/~~Cafe~~ Café in a mall or similar facility, Franchisee shall keep the Bakery/~~Cafe~~ Café open when the mall or similar facility is open to the general public, unless a waiver of hours is granted by the mall.

6.11 ~~6.11~~ Conformity with the System and Manuals. Franchisee shall operate the Franchise in strict accordance with the System and the Manuals, as they may be further developed, amended, changed, modified, or supplemented by Franchisor from time to time.

6.12 ~~6.12~~ Telephone Number of Business. Franchisee understands and agrees that the telephone number(s) for the Franchise constitute a part of the System and is(are) subject to the restrictions of this Agreement. Accordingly, Franchisee shall not change the telephone number(s) for the Franchise without the prior written consent of Franchisor. Franchisee shall advertise and publicize the telephone number(s) for the Business in the manner prescribed by Franchisor.

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6.13 ~~6.13~~ Signs. Franchisee shall prominently display and maintain in tirst class appearance and condition, at Franchisee's expense, signs of such nature, form, color, number, illumination, size and location, and containing such names, designs, legends and symbols, as Franchisor shall prescribe in the Manuals or otherwise in writing. Franchisee shall not display at its Bakery~~/Cafe~~ Café or elsewhere any signs or advertising media which have not been approved by Franchisor in writing. Franchisor or its authorized representatives may at any time during normal business hours enter the Franchisee's Bakery~~/Cafe~~ Café and remove any signs or advertising media that are objectionable in the sole judgment of Franchisor.

6.14 ~~6.14~~ Inspections. Franchisee shall permit Franchisor and its agents to enter upon the Bakery~~/Cafe~~ Café premises at any reasonable time, with or without advance notice, for the purpose of conducting inspections of the Bakery~~/Cafe~~ Café premises, inspecting or auditing Franchisee's books and records, and evaluating Franchisee's operations to ensure compliance with this Agreement and the Manuals. Franchisee shall cooperate with Franchisor's representatives in such inspections, audits and evaluations by rendering such assistance as they may reasonably request; and, at the request of Franchisor or its agents, and without limiting Franchisor's other rights under this Agreement, shall take such steps as may be necessary to immediately correct any deticiencies detected during such inspections, audits and evaluations. Franchisor or its representative may at any time take photographs of Franchisee's Bakery~~/Cafe~~ Café for use in its reports and for any other reason, including the use of the photographs in advertising materials for the benefit of Franchisee, Franchisor or the System as a whole, without any compensation to Franchisee for the use and publication of said photos.

6.15 ~~6.15~~ Litigation. Franchisee shall notify Franchisor, in writing, immediately, but in any event within three (3) days, of the commencement by Franchisee or any third party of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation or financial condition of the Franchise or the System.

6.16 ~~6.16~~ Maintenance. Franchisee shall at all times maintain its Bakcry~~/Cafe~~ Café (including equipment, fixtures, and adjacent public areas) in a clean, orderly condition, in tirst class repair and condition, and in accordance with all maintenance standards set forth in the Manuals; and, in connection therewith, the Bakcry~~/Cafe~~ Café shall be refurbished, at Franchisee's expense, including such additions, alterations, repairs, and replacements thereto (but no others without Franchisor's prior written consent) as may be required by Franchisor for that purpose, including such periodic repainting, repairing, and replacing of obsolete signs, equipment, fixtures, and fumishings as Franchisor may reasonably require. Franchisee shall undertake and complete such additions, alterations, repairs, and replacements within the time and under the terms and conditions which may be reasonably specified by Franchisor. Except as may be expressly provided in the Manuals, no changes of any kind in design, equipment, signs, interior or exterior decor items, fixtures or furnishings shall be made without the prior written approval of Franchisor in each instance.

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6.17 ~~6.17~~ Remodeling. No later than the tifth (5th) anniversary of the Bakery~~/Cafe~~ Café Opening Date, Franchisee shall remodel and renovate its Bakery~~/Cafe~~ Café (including signs, equipment, fixtures, fumishings and Bakery~~/Cafe~~ Calĕ layout), at Franchisee's expense, to conform to the building design, trade dress, color schemes, and presentation of Marks consistent with the then-current public image of the System, as determined by Franchisor in its sole discretion, to protect the value, goodwill and uniformity symbolized by the Marks and the System.

6.18 ~~6.18~~ Catering Sales. In addition to the operation of the Bakery~~/Cafe~~ Café, and the sales made to the general public from therein, Franchisee agrees to offer a catering service to the general public, with production of the prepared Products to be done on the Bakery~~/Cafe~~ Café premises. In order to accomplish this, Franchisee agrees as follows:

a. ~~a.~~ Vehicles. Franchisee agrees to provide a sufficient number of suitable vehicles and personnel to provide satisfactory catering service~~, as detorminod from time to time by Franchisor~~, at all times during approved hours of operation, to all customers located within the Exclusive Territory. Franchisee agrees to purchase or lease a suitable number of dedicated catering vehicles if ~~in Franchisor's solo discretion,~~ the same is required to meet Franchisee's catering scrvice obligations.

b. ~~b.~~ Quality of Catering Service. Franchisee will not offer catering scrviee to any customer whose order cannot be delivered safely and lawfully at the time and place when such order is to be delivered, taking into consideration the then-existing weather and road conditions. In the event of inclement weather, or the capacity of the Bakcry~~/Cafe~~ Café to process the projected catering order, if the estimated catering delivery time exceeds the scheduled delivery time by more than ten (10) minutes, Franchisee shall inform the customer of such before accepting the order for catering. While Franchisor does not have a ~~"~~"catering time guarantee~~",~~", Franchisee shall adequately staff and equip its Bakery~~/Cafe~~ Cafĕ with a suitable number of vehicles so as to offer competitive and timely catering scrvice.

e. ~~e.~~ Boundaries of Catering Service. Franchisee shall offer catering scrvice throughout the Exclusive Territory. Franchisor will not reduce the catering area to anything less than the Exclusive Territory. Franchisor may, from time to time, grant to Franchisee a non-exclusive, revocable license to provide catering scrvice to specific areas outside of the Exclusive Territory. The expanded area beyond the Exclusive Territory may only be established in writing by Franchisor. Franchisee acknowledges that the license to provide catering scrviee to any expanded area is temporary in namre and may be revoked at any time for any reason by Franchisor; that Franchisee's advertising and other marketing or service efforts in the expanded area accme only to the benefit of Franchisor; and that Franchisee's efforts within the expanded area do not entitle Franchisee to any continuing rights whatsoever in the expanded area.

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6.19 ~~6.19~~ Security Interest. As security for the payment and performance of all of Franchisee's obligations under this Agreement, whether such obligations now exist or arise hereafter, and whether direct or indirect, certain or contingent (including, but not limited to, the payment of continuing royalty and advertising fees), Franchisee grants to Franchisor a continuing security interest in the following properties, assets and rights of the Franchisee, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof (all of the same being hereinafter called the "Collateral"):

(a) ~~(a)~~ all accounts receivable;

(b) ~~(b)~~ all inventory;

(c) ~~(c)~~ all furniture, trade fixtures, machinery and equipment;

(d) (d) all general intangibles (including customer lists);

(e) (e) all contract rights; and

(f) ~~(f)~~ all products and proceeds of any of the Collateral described in the foregoing subsections (a) – (e).

In addition, Franchisee grants to Franchisor a security interest in the Collateral to secure the performance and payment of all liabilities, obligations and indebtedness of Franchisee to Franchisor, whether secured or unsecured, direct or indirect, absolute or contingent, whether heretofore arising, now existing or hereafter existing, including all obligations of Franchisee arising under this Agreement.

Franchisee shall execute and deliver such financing and continuation statements, and execute and deliver such further documents, as Franchisor may deem appropriate to perfect the security interests granted hereunder. Franchisee grants to any officer of Franchisor an irrevocable power of attorney to execute and file such statements and documents on Franchisee's behalf Franchisee shall keep the Collateral free and clear of all taxes, liens, and encumbrances, and, without Franchisor's prior written consent, shall not mortgage, pledge, grant or create any other security interest in the Collateral, until payment in full of the obligations secured hereunder, and shall not transfer or otherwise dispose of the Collateral, except in the ordinary course of business.

If Franchisee fails to make payment or performance in full in accordance with all of Franchisee's obligations secured hereunder, then Franchisor shall have all rights and remedies at law or in equity available to Franchisor as a secured creditor.

~~ARTICLE 7.~~

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ARTICLE 7.
CONFIDENTIAL OPERATING MANUALS

7.1 ~~7.1~~ Manuals. Franchisee shall conduct its business in strict accordance with the Manuals, one (1) copy of which shall be furnished to Franchisee on loan for the term of this Agreement. Franchisee shall at all times use all reasonable efforts to maintain the Manuals and the information contained therein as secret and confidential. Franchisee shall not at any time copy, duplicate, record, or otherwise reproduce the Manuals, in whole or in part, nor otherwise make the same available to any unauthorized person. The Manuals shall at all times remain the sole property of Franchisor and shall at all times be kept in a secure place on the Bakery~~/Cafe promises~~. Café premises. The Manuals must be returned to Franchisor, along with any copies made thereof upon expiration or termination of the Agreement. Franchisee acknowledges that Franchisor may from time to time revise the contents of the Manuals to implement new or different requirements for the operation of the Franchise, the implementation of which may require the expenditure of additional sums of money by Franchisee. Franchisee agrees to comply immediately (or by such later time as Franchisor may allow) with all new or changed policies, procedures or standards as required. Franchisee shall at all times ensure that its copy of the Manuals is kept current and up to date. In the event of any dispute as to the contents of the Manuals, the terms of the master copy of the Manuals maintained by Franchisor at Franchisor's home office shall be controlling. Any additional copy of ~~Franchisor's~~Franchisor's Manuals shall be issued solely at the discretion of Franchisor, and Franchisee shall pay a fee in the amount of five hundred dollars ($500.00) for each additional copy.

~~ARTICLE 8.~~
ARTICLE 8.
ADVERTISING

8.1 ~~8.1~~ Advertising Fund. Franchisor or its designee, ~~may, at~~in its ~~option, from time to time,~~complete discretion, may maintain and administer an advertising fund (~~"~~("Advertising Fund"~~)~~") for advertising, promotional, and marketing programs (~~"~~("Advertising"~~),~~"), and shall in its sole discretion direct all such programs, concepts, materials and media used therein. ~~If and when~~During the time that any such Advertising Fund is established and operating, the following provisions shall apply:

a. ~~a.~~ Franchisee shall make weekly payments to the Fund in the amount of three percent (3%) of weekly Gross Sales as calculated and paid in the same manner and at the same time as Royalty Fees as described in Article 2 of this Agreement ("Advertising Fee"). Franchisee agrees and acknowledges that the Fund is intended to maximize general public recognition, acceptance, and use of the System and that Franchisor and its designees are not obligated in administering the Fund to make expenditures for Franchisee which are equivalent or proportionate to Franchisee's contribution, or to ensure that any particular Franchisee benefits directly or pro rata from expenditures by the Fund. Franchisor does not warrant or represent that

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any or all of the advertising or promotional materials or campaigns will be successful or will achieve any particular result.

b. ~~b.~~ The Fund, all contributions thereto, and any earnings thereon shall be used exclusively to meet any and all costs of maintaining, administering, directing, and preparing advertising and/or promotional activities including the costs of preparing and conducting television, radio, magazine, and newspaper advertising; marketing surveys and other public relations activities; employing advertising agencies to assist therein; providing promotional and other marketing materials to the Bakery~~/Cafes~~ Cafés operated under the System; costs associated with processing member contributions to the Fund; and payment of salaries and expenses of Franchisor and its Affiliates associated with administering the Fund and processing member contributions to the Fund.

c. ~~c.~~ All sums paid by Franchisee to the Fund shall be maintained in an account separate from the other monies of Franchisor. Franchisor or its designee shall maintain separate bookkeeping accounts for the Fund.

d. ~~d.~~ It is anticipated that all contributions to and earnings of the Fund generally will be expended for advertising and/or promotional purposes during the taxable year within which the contributions and earnings are received. If, however, excess amounts remain in the Fund at the end of such taxable year, all expenditures in the following taxable year(s) shall be made first out of accumulated earnings from previous years, next out of contributions from previous years, next out of current earnings, and finally from current contributions.

e. ~~e.~~ The Fund is not and shall not be an asset of Franchisor or its designee. An audited report of the operations of the Fund as shown on the books of the Fund shall be prepared annually by Franchisor and shall be made available to Franchisee upon request.

f ~~f.~~ Although the Fund is intended to be of perpetual duration, Franchisor maintains the right to terminate the Fund. The Fund shall not be terminated, however, until all monies in the Fund have been expended for advertising, set aside for future contracted advertising commitments and/or promotional purposes or returned to contributors on the basis of their respective contributions.

g. ~~g.~~ The expenditure of Fund monies is to be under the control of, and in the sole discretion of, Franchisor or its designee at all times. Franchisor reserves the right to forgive any payments due to the Fund by any franchisee and to, at its option, allow franchisees to spend monies due to the Fund on local advertising. Franchisor will not be liable for any act or omission with respect to the Fund that is consistent with this Agreement and done in good faith. Except as expressly provided in this Section 8.1, Franchisor assumes no direct or indirect liability or obligation to Franchisee with respect to the maintenance, direction or administration

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of the Fund. Franchisee acknowledges and agrees that Franchisor is not operating or acting as a trustee or tiduciary with respect to the Fund.

8.2 ~~8.2~~ Marketing Items. Franchisor may make available to Franchisee from time to time, at Franchisee's expense in such amounts to cover Franchisor's direct costs, advertising plans and promotional materials, including newspaper mats, coupons, merchandising materials, sales aids, point-of-purchase materials, special promotions, direct mail materials, community relations programs, and similar advertising and promotional materials.

8.3 ~~8.3.~~ Local Advertising. Franchisee agrees to create a local advertising and marketing plan by which Franchisee shall place local advertising. Franchisee shall not advertise the Franchise in connection with any other business without ~~Franchisor's~~Franchisor's prior written approval. Franchisee shall not use such plans or materials until they have been approved by Franchisor in accordance with Section 8.6, and shall promptly discontinue use of any advertising or promotional plans and material upon the request of Franchisor. Franchisee shall spend a minimum of One Percent (1%) of the Gross Sales of its Bakery~~/Cafe~~ Café on local advertising and promotion.

8.4 ~~8.4~~ Advertising Standards. All advertising and Media communications by Franchisee in any medium shall be conducted in a dignitied manner, shall be completely truthful, accurate, and not misleading, shall comply with the highest ethical standards applicable to advertising generally and the business in particular, shall comply with all federal, state, and local laws and regulations, and shall conform to such standards and requirements as Franchisor may specify from time to time in the Manuals or otherwise in writing.

8.5 ~~8.5~~ Telephone Directory Listing/Advertisements. Listings and advertisements in local telephone directories obtained by Franchisee, if any, shall be in the form, size, and type of directory specitied by the Franchisor in the Manuals or otherwise in writing. Such listings and advertisements shall be at Franchisee's cost, are in addition to the Advertising Fee, and will not be paid for out of the Fund.

8.6 ~~8.6~~ Approval. Franchisee shall submit samples of all advertising, promotional plans and materials proposed to be used by Franchisee or any organization or association in which Franchisee is a member whose business relates, directly or indirectly, to Franchisor or the Franchise, and any other advertising or promotional media to Franchisor (via U.S. mail, return receipt requested) for its approval (except with respect to prices to be charged), if such plans and materials have not been prepared or previously approved by Franchisor, and Franchisee shall not use any such advertising or promotional plans or materials prior to receiving written approval of the same from Franchisor. This requirement shall apply to any and all advertising, promotional plans or materials, and any other advertising or promotional media, including, but not limited to, those placed by Franchisee directly or indirectly, those placed on Franchisee's behalf by another person, and those to which Franchisee contributes any financial or other consideration. If written

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approval is not received by Franchisee from Franchisor within thirty (30) days of date of receipt by Franchisor of such samples or materials, Franchisor shall be deemed to have disapproved them. In no event shall ~~Franchisee's~~Franchisec's advertising contain any statement or material which may be considered (a) in bad taste or offensive to the public or to any group of persons, (b) dcfamatory of any person or an attack on any competitor, (c) to infringe upon the use, without permission, of any other ~~persons'~~persons' trade name, trademark, service mark or identitication, or (d) inconsistent with the public image of Franchisor or of the System.

8.7 ~~8.7~~ Co-operative Advertising. Franchisor shall have the right, in its discretion, to establish a local or regional advertising co-operative at any time in the future upon notice to Franchisee. If such a eo-operative is established, Franchisor shall have the right to require Franchisee's participation in the co-operative, to require Franchisee to contribute a minimum of One Percent (1%) of Gross Sales to the co-operative (which amount shall be credited against any expenditure required in Section 8.3), and to require Franchisee to sign any co-operative advertising agreement and other documents it deems necessary.

~~ARTICLE 9.~~
ARTICLE 9.
RECORD KEEPING; FINANCIAL INFORMATION

9.1 ~~9.1~~ Bookkeeping, Accounting and Records. Franchisee shall maintain and preserve for a minimum of tive (5) years from the dates of their preparation, all cash register tapes and full, complete, and accurate books, records, and accounts in accordance with generally accepted accounting principles and in the form and manner prescribed by Franchisor from time to time in the Manuals or othcrwise in writing. Franchisee shall record all Gross Sales immediately at the time of sale and at the actual price charged to the customer on POS Systems approved by Franchisor which have a sealed and continuous tape which cumulates and consecutively numbers all purchases.

9.2 ~~9.2~~ ~~Franchisor's~~Franchisor's Right to Audit. Franchisor or its designated agents shall have the right, at all reasonable times, to examine and copy, at Franchisor's expense, the books, records, and tax returns of Franchisee and the Franchise. Franchisor shall also have the right, at any time, to have an independent audit made of the books of the Franchise. If an inspection should reveal that any payments to Franchisor have been understated in any report to Franchisor, then Franchisee shall immediately pay to Franchisor the amount understated upon demand, in addition to interest on such amount from the date such amount was due until paid, at the rate of one and one-half percent (1 1/2%) per month, or the maximum rate permitted by law, whichever is less, calculated on a daily basis. Such payments shall be without prejudice to any other rights or remedies which Franchisor may have under this Agreement or othcrwise. If any audit or inspection reveals that the Gross Sales reported in any report or statement are greater than the actual Gross Sales ascertained by such audit or inspection, and that Franchisee thereby has made an overpayment of fees, the amount of the overpayment (without interest) shall be offset against future fees owing by Franchisee to Franchisor. If an audit or inspection discloses an

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understatement of two percent (2%) or more in any report of Gross Sales or any payment to Franchisor, Franchisee shall, in addition, reimburse Franchisor for any and all costs and expenses relating to the audit or inspection (including, without limitation, travel, lodging and wage expenses and reasonable accounfing and legal costs), and, at ~~Franchisor's~~Franchisor's discretion, submit audited financial statements prepared, at ~~Franchisee's~~Franchisee's expense, by an independent certified public accountant satisfactory to Franchisor. If an audit or inspection discloses an understatement of four percent (4%) or more in any report of Gross Sales or any payment to Franchisor, such act or omission shall constitute grounds for immediate termination of this Agreement, as set forth in Section 29.2 hereof The foregoing remedies shall be in addition to any other remedies Franchisor may have pursuant to this Agreement or as provided at law or in equity.

9.3 ~~9.3~~ Periodic Reports. Franchisee shall submit to Franchisor during the term of this Agreement, after the Bakcry~~/Cafe~~ Café Opening Date, (a) a royalty report, on a one (1) week accounting period basis in the form prescribed by Franchisor from time to time, accurately reflecting all Gross Sales during the preceding one week accounting period, and such other data or information as Franchisor may require, to be received by Franchisor within five (5) days from the date of expiration of each such one (1) week accounting period; (b) profit and loss statements, balance sheets and trial balances, for each accounting period, to be received by Franchisor within fifteen (15) days after the date of expiration of each period covered by the report, (c) copies of all tax returns relafing to sales at the Bakery~~/Cafe~~ Café to be received by Franchisor within ten (10) days of the end of the state sales tax reporting period, and (d) such other reports, data or information as ABC may require in the manner and form prescribed by Franchisor in the Manuals or othcrwise in wrifing. All financial information shall be prepared in accordance with generally accepted accounting principles, consistcnfiy applied.

9.4 ~~9.4~~ Submission of Financial Statements. Franchisee shall, at its expense, submit to Franchisor, within thirty (30) days after the end of each calendar quarter during the term of this Agreement, on forms prescribed by Franchisor, financial statements, which may be unaudited, for the preceding quarter, including both an income statement and balance sheet. Franchisee shall, at its expense, submit to Franchisor, within sixty (60) days after the end of each fiscal year of Franchisee during the term of this Agreement, financial statements for such fiscal year, including both an income statement and balance sheet, which may be unaudited, together with such other information in such form as Franchisor may require. All such financial statements shall be prepared in accordance with generally accepted accounting principles, and shall be signed by Franchisee or by ~~Franchisee's~~Franchisce's Treasurer or Chief Financial Officer, attesting that such financial statements are tme, complete and correct. Simultaneously with the year-end financial statements, Franchisee shall provide Franchisor with a copy of all Federal, State and local tax retums and state sales tax reports for that year. If Franchisee fails to provide Franchisor with such financial statements and information as prescribed herein or, if thereafter, within five (5) days of Franchisor's request therefor, Franchisor shall have the right to have an independent audit made of ~~Franchisee's~~Franchisee's books and records, and Franchisee shall promptly reimburse Franchisor for the cost thereof

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9.5 ~~9.5~~ Other Information. Franchisee shall also submit to Franchisor, for review or auditing, such other forms, reports, records, bank statements, cash register tapes, information, and data as Franchisor may reasonably require, including Franchisee's federal and state income tax returns, sales and employment tax returns and evidence of payment of any such taxes required by local law, in the form and at the times and places reasonably designated by Franchisor, upon request and as specified from time to time in the Manuals or otherwise in writing.

9.6 ~~9.6~~ Disclosure and Use of Information. Franchisee acknowledges and agrees that if Franchisor is required or permitted by statute, rule, regulation or any other legal requirement to disclose any information regarding Franchisee or the operation of the Bakery/~~Cafe~~ Café, including earnings or other financial information, Franchisor shall be entitled to disclose such information. Franchisor also shall be entitled to use any such information in connection with the business of Franchisor or its Affiliates. In addition, Franchisee hereby authorizes Franchisor to disclose any such information to its agents and potential purchasers (and their employees, agents and representatives) of Franchisor in connection with the sale or transfer of any equity interests or assets of Franchisor or any merger, reorganization or similar restructuring of Franchisor. Franchisee also hereby authorizes Franchisor to release to ~~Franchisee's~~Franchisee's landlord, lenders or prospective landlords or lenders, any financial and operational information relating to Franchisee and/or the Bakery/~~Cafe~~ Café; however, Franchisor shall have no obligation to do so.

9.7 ~~9.7~~ Accurate Information. All information to be furnished by Franchisee to Franchisor shall at all times be accurate, correct and complete in all material respects. The failure or refusal of Franchisee to furnish when due any of the statements required, or the failure of Franchisee to account properly for all income received by Franchisee, shall be deemed a default under this Agreement, and shall entitle Franchisor to all remedies as set forth in this Agreement.

9.8 ~~9.8~~ Failure to Provide Information. In the event Franchisee shall not provide any required information or not provide such information in the required time or format as prescribed herein or in the Manuals or otherwise in writing, or after written request therefor, Franchisor shall have the right, but not the obligation, to obtain such information and Franchisee shall be responsible for any reasonable costs and expenses associated therewith.

~~ARTICLE 10.~~

FRANCHISEE ORGANIZATION; AUTHORITY; FINANCIAL
ARTICLE 10.CONDITION AND SHAREHOLDERS

10.1 ~~10.1~~ Additional Requirements for Entity Franchisee. If Franchisee is or becomes an Entity:

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a. ~~a.~~ Franchisee shall contine its activities solely to the establishment and operation of the Franchise.

b. ~~b.~~ ~~Franchisee's~~Franchisee's Articles of Ineorporation and Bylaws (or comparable goveming documents) shall at all times provide that its activities are contined exclusively to operation of the Franchise and that the issuance, redemption, purchase for cancellation and transfer of voting stock, or other ownership interest therein, is restricted by the terms of this Agreement. Franchisee shall fumish Franchisor promptly upon request copies of ~~Franchisee's~~Franchisee's Articles of Ineorporation and Bylaws (or other comparable governing documents), and any other documents Franchisor may reasonably request, and any amendments thereto, from time to time.

c. ~~e.~~ Franchisee shall maintain a current list of all Principals of Franchisee and shall fumish such tist to Franchisor upon request.

d. ~~d.~~ Franchisee shall maintain stop transfer instmctions against the transfer on its record of Principals. All securities issued by Franchisee shall bear the following legend, which shall be printed legibly and conspicuously on each stock certiticate or other evidence of ownership interest:

> The transfer of the [stock] [membership interest] [partnership interest] represented by this certiticate is subject to the terms and conditions of a Franchise Agreement with Atlanta Bread Company Intemational, Inc. dated _____. Reference is made to the provisions of said Franchise Agreement and to the [Articles and Bylaws of this Corporation] [Operating Agreement of this Limited Liability Company] [Partnership Agreement of this Partnership].

e. ~~e.~~ All Principals shall jointly and severally guarantee ~~Franchisee's~~Franchisee's obligations and performance hereunder, in the form attached hereto as Exhibit C.

10.2 ~~10.2~~ Representations and Warranties of Franchisee and Its Principals. If Franchisee is an Entity, Franchisee and each Principal represent and warrant that: (a) Franchisee is validly existing and in good standing under the laws of the State of its formation; (b) Franchisee is duly qualitied and is authorized to do business and is in good standing as a foreign corporation in each jurisdiction in which its business activities or the nature of the properties owned by it requires such qualification; (c) the execution and delivery of this Agreement and the transactions contemplated hereby are within ~~Franchisee's~~Franchisee's corporate power; (d) the execution and delivery of this Agreement has been duly authorized by Franchisee; (e) the governing documents of Franchisee delivered to Franchisor are tme, complete and correct, and there have been no

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changes therein since the date thereof, (f) the certified copies of the minutes electing the officers of Franchisee and authorizing the execution and delivery of this Agreement are true, correct and complete, and there have been no changes therein since the date(s) thereof; (g) if applicable, the specimen stock certiticate delivered to Franchisor is a tme specimen of ~~Franchisee's~~Franchisee`s stock certiticate; (h) the balance sheet of Franchisee and the balance sheets of its Principals delivered to Franchisor are their most recent balance sheets; have been prepared in accordance with generally accepted accounting principles; are tme, complete and correct; and fairly present the financial positions of Franchisee and each Principal as of the dates thereof; and (i) there have been no materially adverse changes in the condition, assets or liabilities of Franchisee or Principals since the date or dates of such balance sheets.

10.3 ~~10.3~~ Covenants of Franchisee and Its Principals. Franchisee and each Principal covenant that during the term of this Agreement: (a) Franchisee shall do or cause to be done all things necessary to prescrve and keep in full force its corporate existence and shall be in good standing as a foreign corporation in each jurisdiction in which its business activities or the nature of the properties owned by it requires such qualitication; and (b) Franchisee shall have the corporate authority to carry out the terms of this Agreement.

10.4 ~~10.4~~ Ownership. Attached hereto as Exhibit F is a description of the legal organization of Franchisee (whether a corporation, limited liability company, partnership or otherwise), the names and addresses of each Principal, and the Ownership Interest of each Principal. Franchisee and each Principal represent, warrant and covenant that all Ownership Interests as described in Exhibit F are as set forth therein, that no Ownership Interest has been pledged or hypothecated, and that no change will be made in any Ownership Interest other than as permitted by this Agreement. Franchisee and Principal Shareholders agree to fumish Franchisor with such evidence as Franchisor may request, from time to time, for the purpose of assuring Franchisor that the Ownership Interests of Franchisee and its Principals remain as represented herein.

~~ARTICLE 11.~~
ARTICLE 11.
TRANSFER

11.1 ~~11.1~~ Transfer by Franchisor. Franchisor shall have the right to transfer or assign all or any part of this Agreement and Franchisor's rights or obligations herein to any person or legal entity without Franchisee's consent, and upon such transfer or assignment, the transferee or assignee shall be solely responsible for all of Franchisor's obligations arising under this Agreement subsequent to the transfer or assignment. In addition, Franchisor shall have the right to delegate performance of any or all of its obligations and duties hereunder. Franchisee agrees and aftirms that Franchisor may sell its assets, the Marks and/or the System to a third-party; may offer its securities privately or publicly; may merge, acquire other corporations, or be acquired by another corporation; and/or may undertake a retinancing, recapitalization, leveraged buyout or other economic or tinancial restructuring. Franchisee further agrees that Franchisor has

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the right, now or in the fumre, to purchase, merge, acquire or affiliate with an existing competitive or noncompetitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as ATLANTA BREAD COMPANY Bakery~~/Cafes~~ Cafés operating under the Marks or any other marks following Franchisor's purchase, merger, acquisition or aftiliation, regardless of the location of these facilities, which Franchisee acknowledges may be proximate to its Bakcry~~/Cafe.~~ Café. With regard to any of the above sales, assignments and dispositions, Franchisee expressly and specitically waives any claims, demands or damages arising from or related to the loss of Franchisor's name, the Marks (or any variation thereof) and the System and/or the loss of association with or identification of Franchisor under this Agreement. If Franchisor assigns its rights in this Agreement, nothing in this Agreement shall be deemed to require Franchisor to remain in the franchise business or to offer or sell any Products or scrvices to Franchisee.

11.2 ~~11.2~~ Transfer by Franchisee. Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee, and that Franchisor has granted this franchise in reliance on the business skill, tinancial capacity, and personal character of Franchisee and its Principals. Accordingly, no Transfer shall be made or attempted to be made without the prior written consent of Franchisor, which approval will not be arbitrarily withheld. Notwithstanding the foregoing, Franchisor's prior written consent shall not be required for a Transfer of less than a tive percent (5%) interest in a Publicly-Held Corporation, provided that such Transfer does not result in a change in control of such Entity, Franchisee or the Franchise. The right to Transfer may only be exercised by Franchisee or its Principals and shall not be exercisable by a receiver, trustee, liquidator or other person aeting in a comparable capacity with respect to the assets or ownership of Franchisee. Any Transfer in violation of this Agreement or the Manuals or other writing that Franchisor may prescribe shall be void and of no force and effect. In the event of any such Transfer in violation of this Agreement, Franchisee shall be in defauh hereunder and Franchisor shall be entitled to immediately terminate this Agreement on notice to Franchisee.

11.3 ~~11.3~~ Conditions for Approval of Transfer. Franchisor's approval of any Transfer may be conditioned on any or all of the following:

a. a. The transferee (and, if the transferee is not an individual, such owners of a beneficial interest in the transferee as Franchisor may request) shall demonstrate to Franchisor's satisfaction that the transferee meets Franchisor's educational, managerial, and business standards; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to conduct the Franchised Business (as may be evidenced by prior related business experience or othcrwise); and has adequate financial resources and capital to operate the Franchise on a continuing basis under the System;

b. b. All of Franchisee's accmed monetary obligations to Franchisor or any Aftiliate of Franchisor shall have been satisfied, all or a portion of which Franchisor may

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require to be paid in immediately available funds, including wire transfers, on or before the date of transfer, and all other amounts owed to any suppliers for any and all other outstanding obligations related to Franchisee's Bakery/~~Cafe~~ Café shall have been satisfied;

c. ~~e.~~ At the transferee's expense, the transferee (and if transferee is not an individual, its individual owners) and the transferee's managers shall complete any training program then in effect for franchisees upon such terms and conditions as Franchisor may require;

d. ~~d.~~ The transferee shall execute ~~Franchisor's~~Franchisor's then-current standard form of franchise agreement with a term equal to, at the option of Franchisor (i) the full initial term and the renewal term(s), if any, then being offered to new franchisees, or (ii) the remaining term of this Agreement and such renewal term(s), if any, as may be provided thereafter by the form agreement, and such ancillary documents (including, without limitation, personal guarantees) as are then customarily used by Franchisor in the grant of franchises for ATLANTA BREAD COMPANY Bakery/~~Cafes~~ Cafés, which agreement and documents may contain terms and conditions that differ materially from the terms and conditions of this Agreement and any Related Agreements; provided, however, that the transfer fee described in Section 11.3(e) below shall be in lieu of the initial franchise fee;

e. ~~e.~~ Franchisee or the transferee shall pay Franchisor a transfer fee not to exceed either (A) if Section 11.3(d)(i) applies, the then-current initial franchise fee being charged by Franchisor for a new franchised Bakery/~~Cafe~~ Café, or (B) if Section 11.3(d)(ii) applies, Thirty-Three and One Third Percent (33 1/3%) of the then-current initial franchise fee being charged by Franchisor for a new franchised Bakery/~~Cafe~~ Café, to cover Franchisor's supervisory, administrative, accounting, legal, training and other costs and expenses in connection with the Transfer;

f ~~f.~~ Franchisee, and if the transferee is an existing franchisee of Franchisor, the transferee, and their respective Principals and any entity in which they have any Ownership Interest or control, directly or indirectly, whose business relates in any way to the Franchise or Franchisor, shall have executed a general release in a form prescribed by Franchisor, of any and all claims against Franchisor or any of its Affiliates and their respective officers, directors, shareholders, and employees, in their corporate and individual capacities, including claims arising under federal, state, and local laws, rules, and ordinances ;

g. ~~g.~~ In the event Franchisee's Bakery/~~Cafe~~ Café is not in compliance with Franchisor's policies, procedures or standards as set forth in this Agreement, the Manuals or otherwise in writing, the transferee shall agree in a writing prescribed by Franchisor to be responsible, at its cost, for achieving compliance with such policies, procedures or standards within a reasonable period of time, as determined by Franchisor, following the Transfer;

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h. ~~h.~~ Neither transferee nor any of its Affiliates, principals or beneficial owners shall have a Competitive Position with or for a Competitive Bakery~~/Cafe~~ Café;

i. ~~i.~~ the Transfer must be made in compliance with any laws that apply to the Transfer, including state and federal laws governing the offer and sale of franchises;

j. ~~j.~~ Franchisee is not in default of any provision of this Agreement or any Related Agreement;

k. ~~k.~~ Franchisee shall have first offered to sell such interest to Franchisor pursuant to Section 11.5 hereof and Franchisor shall have declined such offer in the manner set forth herein;

l. ~~l.~~ The transferee shall, at its expense, remodel and upgrade the Bakery~~/Cafe~~ Café to conform to the then-current standards and specifications for Bakery~~/Cafes~~ Cafés under the System, and shall complete the remodeling and upgrading and other reasonable requirements within the time specified by Franchisor;

m. ~~m.~~ Franchisee and each guarantor of this Agreement shall remain liable for all obligations of the Franchise prior to the effective date of the Transfer and shall execute any and all instruments reasonably requested by Franchisor to evidence such liability;

n. ~~n.~~ Franchisee shall agree to remain obligated under the covenants against competition of this Agreement as if this Agreement had been terminated on the date of the Transfer;

o. ~~o.~~ The terms and conditions of the proposed Transfer shall be satisfactory to Franchisor.

11.4 ~~11.4~~ Effect of Consent to Transfer. ~~Franchisor's~~Franchisor's consent to a Transfer shall not constitute a waiver of any claims it may have against Franchisee or its Principals, nor shall it be deemed a waiver of ~~Franchisor's~~Franchisor's right to demand exact compliance with any of the terms or conditions of this Agreement by the transferee or Franchisee.

11.5 ~~11.5~~ Right of First Refusal. If Franchisee or any of its Principals shall at any time determine to sell an interest in this Agreement, the Franchise, the Bakery~~/Cafe~~ Café,

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Bakcry/~~Cafe~~ Café assets (other than inventory in the ordinary course of business) or an Ownership Interest in Franchisee, Franchisee or its Principals shall notify Franchisor in writing of the terms of each such sale (including copies of the offer and all related documents and agreements and all such information as Franchisor may reasonably request concerning the proposed purchaser), and Franchisor shall have the right and option, exercisable within thirty (30) days after receipt of such written notitication and documents, agreements, and information, to send written notice to the seller, that Franchisor or its designee intends to purchase such interest on the same or, if, in the opinion of Franchisor, circumstances render an exact match of the sale terms not practicable, then the monetary equivalent of the terms and conditions of the sale. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration, terms, and/or conditions of the sale to the third party, an independent appraiser shall be designated by Franchisor, at Franchisor's expense, and his or her determination shall be binding. Closing on such purchase shall occur within sixty (60) days from the date of notice to the seller of the election to purchase by Franchisor or such later date as may have been provided in the terms of sale to the third party. If Franchisor does not exercise its right of first refusal, Franchisee or its Principals, as the case may be, may complete the sale to the third party pursuant to and on the exact terms of such offer, and subject to all the terms and conditions contained in this Article 11. Any material change in the terms of any sale prior to closing shall eonstitute a new offer subject to the same rights of first refusal by Franchisor as in the case of an initial offer. If the sale to the third party is not completed within ninety (90) days after Franchisor's thirty (30) day option period described herein expires, the seller shall notify Franchisor of such fact and Franchisor shall be entitled to purchase seller's interest on the same terms and conditions as the terms of sale of the third party, or the monetary equivalent thereof Failure of Franchisor to exercise any option afforded by this Section 11.5 shall not eonstitute a waiver of any other provision of this Agreement, including all of the requirements of this Article 11 with respect to a proposed Transfer.

11.6 ~~11.6~~ Transfer Upon Death or Incapacity.

a. ~~a.~~ Upon the death or Incapacity of any person with any interest in the Franchise or in Franchisee (the effect of which would cause the Franchise to temporarily or permanently cease to operate in full compliance with all requirements of this Agreement), Franchisee shall immediately notify Franchisor of such event. Franchisor may, at its sole discretion, but without any obligation to do so, immediately enter upon the Bakery/~~Cafe~~ Café premises, and install a manager to manage and operate the Franchise for such time as Franchisor deems necessary, or until an approved Transfer in accordance with the terms of Section 11.2 occurs. Franchisor shall be entitled to reasonable compensation and recoupment of expenses incurred during this period. If Franchisor assumes the Bakery/~~Cafe~~'s ~~Cafe~~'s management, Franchisee acknowledges that Franchisor will have a duty to use only reasonable efforts and will not be liable to Franchisee or its Principals for any debts, losses or obligations the Bakery/~~Cafe~~ Café incurs, or to any of Franchisee's creditors for any supplies or services the Bakery/~~Cafe~~ Café purchases while the Franchisor manages it.

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b. b. ——Upon the death or Incapacity of any person with any interest in the Franchise or in Franchisee (and the Transfer of which interest would have the effect of Transferring a controlling interest in the Franchise or Franchisee), the executor, administrator, or personal representative of such person shall transfer his or her interest to a third party approved by Franchisor within six (6) months after such death or Incapacity. Such transfers, including transfers by devise or inheritance, shall be subject to the same conditions as any inter vivos transfer (transfer by conveyance). However, in the case of transfer by devise or inheritance, if the heirs or beneticiaries of any such person are unable to meet the conditions in this Article 11, the personal representative of the deceased person shall have a reasonable time to dispose of the deceased's interest in the Franchise or Franchisee, which disposition shall be subject to all the terms and conditions for Transfers contained in this Agreement. If an approved Transfer is not effected within a reasonable time, Franchisor may terminate this Agreement, immediately upon written notice to the personal representative or the executor, administrator or any living person having an Ownership Interest in the Franchise or Franchisee. As used in this Section 11.6, "Franchisee" may include an incapacitated or deceased controlling shareholder, partner, member, investor or other equity holder where the context so requires.

11.7 ~~11.7~~ ——Offerings by Franchisee. Seeurities in Franchisee or an Entity owning a direct or indirect equity interest in Franchisee or any interest in this Agreement, may not be offered to the public by private or public offering or otherwise without the prior written consent of Franchisor. Without implying consent or approval by Franchisor, Franchisor requires that all materials required for such offering by federal or state law shall be submitted to Franchisor for review prior to their use or filing with any government agency; and any materials to be used in any offering exempt from federal or state securities laws shall be submitted to Franchisor for review prior to their use. No such offering shall imply (by use of the Marks or otherwise) that Franchisor is participating in underwriting, issuing, or offering seeurities of Franchisee or Franchisor; and Franchisor's review of any offering shall be limited solely to the subject of the relationship between Franchisee and Franchisor. Franchisee and the other participants in the offering must fully indemnify Franchisor in connection with the offering. For each proposed offering, Franchisee shall reimburse Franchisor for its reasonable costs and expenses associated with reviewing the proposed offering, including legal and accounting costs and salaries of Franchisor personnel. Franchisee shall give Franchisor written notice at least thirty (30) days prior to the date of commencement of any offering or other transaction covered by this Section 11.7. to enable Franchisor the opportunity to exercise its right of first refusal as provided in Section 11.5. Notwithstanding Franchisor's approval of any such offering, the remaining provisions of Article 11 shall apply to the Transfer.

~~ARTICLE 12.~~
ARTICLE 12.
SYSTEM/FRANCHISEE PROTECTION PROVISIONS – ACKNOWLEDGEMENTS AND ADDITIONAL DEFINITIONS

~~12.1 "Competitive Bakery/Cafe" means any restaurant or food serving business that derives fifty percent (50%) or more of the portion of its gross revenues it derives from the sale of~~

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food products (excluding beverages) from the retail sale of soups, salads, sandwiches and pastries of the kind sold at Franchisor's Bakery Cafes as of the date hereof and which Franchisee offers on its menu on its Bakery/Cafe Opening Date (including, but not limited to, food items such as hot breakfast sandwiches, deli sandwiches, paninis, muffins, breads, pastries and other baked goods and cooked or prepared foods of the kind sold at Franchisor's Bakery/Cafes as of the date hereof). A Competitive Bakery/Cafe shall not include any other ATLANTA BREAD COMPANY Bakery/Cafe owned by Franchisee and operated pursuant to a Franchise Agreement such as this Agreement.

12.2 "Competitive Position" means with respect to any Competitive Bakery/Cafe, either directly or indirectly through a surrogate who is essentially acting for a Prohibited Person or Entity: (a) being an owner, shareholder, partner or limited liability company member; (b) serving as an operator, manager or management consultant; (c) lending money in any way to or guaranteeing the obligations of; (d) serving as an officer, director or management level employee (including, without limitation, baker, restaurant manager, purchasing manager, catering manager or other responsible position similar to the positions in which such person served for Franchisee). The parties agree that the foregoing capacities are those that are required of, and will be performed by, Franchisee and the Principals.

12.3 "Confidential Information" means items which are either: (a) marked "Confidential" or with some similar designation; or (b) proprietary or confidential data, documents, materials or information, excluding "Trade Secrets" (as hereafter defined), which is valuable to Franchisor, its subsidiaries or Affiliates, and the details of which are not generally known to the competitors of Franchisor. In addition, Franchisee shall treat as Confidential Information this Agreement and its terms and the portion of the Manuals that are not Trade Secrets.

12.4 "Covered Employee" means a person who is an employee of Franchisor or an Affiliate of Franchisor as of the time they are solicited to leave such employment by a Prohibited Person or Entity, as well as any person who has been an employee of Franchisor or an Affiliate of Franchisor within the ninety (90) days prior to the time they are solicited for employment or employed by a Prohibited Person or Entity.

12.5 "Effective Agreement Period" means the period from the effective date of this Agreement until it expires or is terminated for any reason.

12.6 "Franchisee Protection Provisions" means all of the separate, distinct and totally independent covenants and agreements contained in Articles 12 through and including Article 24 of this Agreement, all of which are critical to the Franchisee, Franchisor and other franchisees of the System in order to properly ensure they can all receive the maximum value out of the important knowledge of Franchisor's business, Confidential Information, Trade Secrets, the System, the Manuals and confidential and proprietary operating methods, the disclosure or use outside the System of which would significantly prejudice the interests, and adversely affect the business, of Franchisee, Franchisor and the other franchisees of the System.

12.7 "Post Term Protection Period" means the eighteen (18) month period following the date this Agreement either expires or is terminated for any reason.

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12.8 "Prohibited Person or Entity" means a person or Entity who is prohibited from taking an action, or omitting to take an action, under any of the Franchisee Protection Provisions.

12.9 "Protected Territory" means a five (5) mile radius measured from the front door of Franchisee's Accepted Location or of any Bakery Cafe operated by any franchisee of Franchisor or the System as of the date of this Agreement, a list of which (together with their addresses) is attached as Exhibit J.

12.10 "Trade Secrets" means information, without regard to form, including, but not limited to, technical or nontechnical data, a formula, a pattern, a compilation, a program, a device, a method, a technique, a drawing, a process, financial data, financial plans, product plans, or a list of actual or potential customers or suppliers which is not commonly known by or available to the public and which information: (a) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

12.1 Franchisee Acknowledgements.

Franchisee and its Principals acknowledge and agree that: (i) Franchisor has spent a significant number of years

ARTICLE 13.
FRANCHISEE PROTECTION PROVISIONS GENERAL PROVISIONS

a. 13.1 Franchisee Acknowledgments. Franchisee acknowledges and agrees that: (a) Franchisor has spent decades and many millions of dollars developing, refining and promoting the Marks, the Manuals, the System and all component parts thereof; (b) the Marks have acquired a distinctive and positive reputation in the marketplace and are extremely well received by customers; (c) Franchisee, all other franchisees of the System ii) over the term of this Agreement Franchisee will receive Confidential Information and Trade Secrets, as defined below, which the Franchisor has developed and refined over significant time at great expense, including but not limited to information specified in the Manuals and regarding the System; (iii) the Confidential Information and Trade Secrets, including information contained in the Manuals, is not generally known in the industry and is beyond their own present skills and experience, and to develop it themselves would be expensive, time consuming, and difficult; and (iv) the Confidential Information and Trade Secrets provides a competitive advantage and will be valuable in the development and operation of the Bakery Café, and gaining access to it is a primary reason for entering into this Agreement.

a.b. Franchisee and its Principals further acknowledge and agree that: (i) Franchisee, all other franchisees of the System, and Franchisor benefit from ensuring that all franchisees who have access to the Confidential Information, Trade Secrets, Manuals, extensive market research, and other non-public elements of the System and Bakery/Cafes that create significant value for all franchisees and the System Cafés do not disclose or use such items to improperly compete and deprive the franchisees or Franchisor of the value of such items; (dand (ii) the separate, distinct and totally independent covenants and agreements contained in the System/Franchisee Protection Provisions of this Agreement are: (iA) critical to properly ensure

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that Franchisee, Franchisor and the other franchisees of the System can all receive the maximum value out of the System and all of its components; and (iiB) based on the reason and understanding that Franchisee and its Affiliates and Principals will possess critical and important knowledge of Franchisor's business, Confidential Information, Trade Secrets, the System, and the Manuals and confidential and proprietary operating methods, the disclosure or use of which outside the System of which would significantly prejudice the interests, and adversely affect the business, of Franchisor and its other franchisees.

~~13.2 Continuous Access and Disclosure of Confidential Information and Trade Secrets to Franchisee. Franchisee represents and warrants that it will inevitably receive and continue to be disclosed throughout the Effective Agreement Period, Confidential Information, Trade Secrets proprietary items and information, including, without limitation the latest extensive market research and recipes and techniques in connection with the System and other intellectual properties of Franchisor. As a result, for the benefit of Franchisee, Franchisor and all other franchisees of the System, Franchisee acknowledges and agrees that it believes the Franchisee Protection Provisions are in its best interests and it strongly supports Franchisor's inclusion of these Franchisee Protection Provisions in all franchise agreements for the System and the enforcement of these Franchisee Protection Provisions against any franchisee that violates them so that all franchisees of the System, including Franchisee, can have their investment in their Bakery/Cafes protected and enhanced. The parties acknowledge that the Franchisee Protection Provisions are based (among other factors) upon the understanding and agreement that Franchisee will possess knowledge of Franchisor's business, operating methods, System, Manuals, Trade Secrets and Confidential Information, the disclosure or use of which (other than in connection with the operation of a Bakery/Cafe) would prejudice the interests and businesses of Franchisor and all of its franchisees.~~

c. ~~13.3~~ Franchisee and its Principals further acknowledge and agree that the System/Franchisee Protection Provisions of the Agreement help protect the legitimate business interests of Franchisor and its franchisees, including but not limited to the interests in protecting and preserving the confidentiality of the Confidential Information and Trade Secrets developed by Franchisor and licensed for use by Franchisee and by other franchisees of the System and ensuring that such Confidential Information and Trade Secrets are used only in connection with the development and operation of the Bakery Café and of other ATLANTA BREAD COMPANY Bakery Cafés; promoting and preserving the loyalty of and avoiding conflicts of interest on the part of Franchisee and its Principals during the term of the Agreement, and of other franchisees and their principals during the terms of their franchise agreements; preserving expansion opportunities for Franchisor and its franchisees to locate additional ATLANTA BREAD COMPANY Bakery Cafés during the term of this Agreement and of other franchisee's franchise agreements; and preserving expansion or replacement opportunities for Franchisor and its franchisees to locate additional ATLANTA BREAD COMPANY Bakery Cafés in the proximity of the Bakery Café, or of another ATLANTA BREAD COMPANY Bakery Café, after it closes due to termination or expiration of the agreement or of another franchise agreement.

12.2 Additional Definitions.

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a. Confidential Information and Trade Secrets.

i. "Confidential Information" means data or information which is either: (1) marked "Confidential" or with some similar designation; or (2) related to Franchisor's business, disclosed to Franchisee as a consequence of this Agreement, valuable to Franchisor, its subsidiaries or Affiliates, and not generally known to the competitors of Franchisor. Confidential Information includes, but is not limited to, Trade Secrets.

ii. "Trade Secret" means data or information, without regard to form, including but not limited to technical or non-technical data, a formula, a pattern, a compilation, a program, a device, a method, a technique, a drawing, a process, financial data, financial plans, product plans, or a list of actual or potential customers or suppliers, that: (1) is not commonly known by or available to the public; (2) derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (3) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

iii. The Franchisee and its Principals specifically agree that Franchisor's Confidential Information and/or Trade Secrets include, without limitation, the following:

1. the Manuals;

2. non-public aspects of methods, techniques, specifications, procedures, information, systems, knowledge and experience involved in the site selection, development, design, construction, layout, licensing, and operation of ATLANTA BREAD COMPANY Bakery Cafés, whether contained in the Manuals, training materials or otherwise;

3. recipes, menu analyses, and non-public methods, procedures, and techniques for preparing Products offered in ATLANTA BREAD COMPANY Bakery Cafés;

4. test programs and results relating to the planning, development, analysis, selection and testing of components of the System and of Products offered in ATLANTA BREAD COMPANY Bakery Cafés;

5. identities of suppliers of food, ingredients, equipment and other items required and/or used by ATLANTA BREAD COMPANY Bakery Cafés;

6. non-public aspects of marketing programs, brand characteristics, advertising strategies, and image; and

7. non-public aspects of technology, processes, business plans, business systems, contract terms, knowledge, know-how, drawings,

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materials, equipment, techniques, procedures for display of products, product formulae, and other data.

iv. Notwithstanding any other provision of this Agreement, Confidential Information and Trade Secrets do not include data, information, processes, or techniques: (1) which have been voluntarily disclosed to the public by Franchisor, except where such disclosure has been made by an employee or franchisee of Franchisor without authorization from Franchisor; (2) which has been independently developed and disclosed by others, other than through disclosure in violation of this Agreement or other confidentiality agreements; or (3) which has otherwise entered the public domain through lawful means.

b. "Competitive Business" means any restaurant or food serving business that derives fifty percent (50%) or more of its gross revenues from the retail sale of soups, salads, sandwiches, bakery products and/or pastries (including, but not limited to, food items such as hot breakfast sandwiches, deli sandwiches, paninis, muffins, breads, pastries and other baked goods). A Competitive Business shall not include any other ATLANTA BREAD COMPANY Bakery Café owned by a franchisee and operated pursuant to a Franchise Agreement with Franchisor.

c. "Competitive Position" means, with respect to any Competitive Business, either directly or indirectly through a surrogate who is essentially acting for a Prohibited Person or Entity: (a) being an owner, shareholder, partner or limited liability company member; (b) serving as an operator, manager or management consultant; (c) lending money in any way to or guaranteeing the obligations of; or (d) serving as an officer, director or management level employee (including, without limitation, baker, restaurant manager, purchasing manager, or catering manager).

d. "Covered Employee" means a person who is an employee of Franchisor or of an Affiliate of Franchisor as of the time they are solicited to leave such employment by a Prohibited Person or Entity, as well as any person who has been an employee of Franchisor or of an Affiliate of Franchisor within the ninety (90) days prior to the time they are solicited for employment or employed by a Prohibited Person or Entity.

e. "Prohibited Person or Entity" means a person or Entity who is prohibited from taking an action, or omitting to take an action, under any of the System/Franchisee Protection Provisions.

f "System/Franchisee Protection Provisions" means all of the separate, distinct and totally independent covenants and agreements contained in Article 12 through and including Article 15 of this Agreement, all of which are critical to the Franchisee, Franchisor and other franchisees of the System in order to properly ensure they can all receive the maximum value out of the knowledge and use of Franchisor's business, the System, the Manuals, and other Confidential Information and Trade Secrets of Franchisor, the disclosure or use of which outside the System would significantly prejudice the interests, and adversely affect the business, of Franchisee, Franchisor and the other franchisees of the System.

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ARTICLE 13.
CONFIDENTIAL INFORMATION AND TRADE SECRETS

13.1 Restrictions on Disclosure and Use of Confidential Information and Trade Secrets.

a. Franchisee and its Principals agree that the Confidential Information and Trade Secrets are owned solely and exclusively by Franchisor. Franchisee will not acquire any interest in the Confidential Information and Trade Secrets, other than the right to use them in the development and operation of its Bakery Café during the term of the Agreement.

b. The Franchisee and its Principals acknowledge that any unauthorized use or disclosure of Confidential Information or Trade Secrets would constitute an unfair method of competition and could cause immediate and irreparable harm to the Franchisor, to the System and to other ATLANTA BREAD COMPANY franchisees. Accordingly, the Franchisee and its Principals agree that during the term of this Agreement they will not, directly or indirectly, disclose, divulge, publish or market to any person, or use in any way, any Confidential Information or Trade Secrets, except as required to operate the Bakery Café and perform the Franchisee's obligations under this Agreement, or as the Franchisor approves in writing. The Franchisee and its Principals agree that these restrictions on the disclosure of Confidential Information and Trade Secrets will remain in effect following termination or expiration of the Agreement until any particular information at issue no longer constitutes Confidential Information or a Trade Secret.

c. The Franchisee may not make any unauthorized copies of any portion of the Confidential Information or Trade Secrets and must adopt and implement all procedures Franchisor prescribes from time to time to help prevent unauthorized use or disclosure of the Confidential Information and Trade Secrets.

13.2 Franchisee Employee Compliance. Franchisee agrees that it and all of its employees and agents will take appropriate steps to protect Franchisor's Confidential Information and Trade Secrets from any unauthorized publication, communication, disclosure, divulging, copying, appropriation or use.

a. Franchisee shall have its Bakery Café general manager and managers and baker execute a Confidentiality Agreement in the form attached to this Agreement as Exhibit B or in such other form approved by Franchisor.

b. Franchisee shall limit the disclosure of Confidential Information and Trade Secrets to non-managerial employees to such information that each such employee needs to know to perform his or her job.

c. Franchisee shall be responsible for its employees' compliance with the restrictions on disclosure and use of Confidential Information and Trade Secrets that are set forth in this Agreement, and shall be liable to Franchisor for any breach of these confidentiality obligations by Franchisee or its Principals, managers, employees, agents, representatives or contractors.

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13.3 Return of Confidential Information and Trade Secrets. At any time upon Franchisor's request, and in any event upon expiration or termination of this Agreement for any reason, Franchisee shall immediately stop using and return any copies of the Manuals and any other documents containing Confidential Information and Trade Secrets, and shall take appropriate steps to permanently delete and render unusable any Confidential Information and Trade Secrets stored electronically and certify same to Franchisor in writing.

13.4 Exceptions and Permitted Disclosure.

These restrictions on disclosure of Confidential Information and Trade Secrets will not apply to disclosure of such information in judicial or administrative proceedings, to the extent that Franchisee is legally compelled to disclose that information, if Franchisee has used its best efforts, and has afforded Franchisor the opportunity by giving us reasonable prior notice, to obtain an appropriate protective order or other assurance satisfactory to Franchisor of confidential treatment for the information required to be disclosed.

13.5 New Confidential Information.

Upon Franchisor's request, Franchisee will fully and promptly disclose to Franchisor, all ideas, concepts, formulas, recipes, methods, techniques, and other information related to or derived from the Confidential Information and Trade Secrets that are conceived or developed by Franchisee or its employees during the term of this Agreement ("New Confidential Information"). You acknowledge and agree that the New Confidential Information is an asset of the Franchisor, and you agree to assign it to the Franchisor or an affiliate upon request of Franchisor.

ARTICLE 14.
LIMITATIONS ON COMPETITION AND ON HIRING OF FRANCHISOR EMPLOYEES

14.1 Limit on Competition During Term of Agreement. Franchisee acknowledges and agrees that limiting Franchisee and its Affiliates and Principals from involvement in a Competitive Business during the term of this Agreement serves to promote or protect the purpose or subject matter of the Agreement and the relationship between Franchisor and Franchisee, to promote loyalty and deter potential conflicts of interest on the part of the Franchisee and its Principals, to preserve expansion opportunities for Franchisor and its Franchisees, and to promote or protect the System, the Franchisor, and other ATLANTA BREAD COMPANY franchisees. Accordingly, in addition to Franchisee's other agreements, duties, representations, warranties and covenants set forth in this Agreement, and as a material inducement for Franchisor to enter into this Agreement and provide the rights and privileges granted herein, Franchisee hereby represents, warrants, covenants and agrees that during the term of the Agreement, neither Franchisee, its Affiliates nor any Principal (for so long as such Principal owns any interest in Franchisee) shall accept, have, hold, take or perform a Competitive Position with or for a Competitive Business located within a five (5) mile radius from Franchisee's Accepted Location or of any ATLANTA BREAD COMPANY Bakery Café, unless they obtain the prior written consent of Franchisor.

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14.2 Limit on Post-Term Competition. In addition to Franchisee's other agreements, duties, representations, warranties and covenants set forth in this Agreement, and as a material inducement for Franchisor to enter into this Agreement and provide the rights and privileges granted herein, and in order to promote and protect the System, the Franchisor and all other ATLANTA BREAD COMPANY franchisees, Franchisee hereby represents, warrants, covenants and agrees that for three (3) years following the termination or expiration of this Agreement for any reason, neither Franchisee, its Affiliates, nor any Principal who held an interest in Franchisee at any time within six months prior to the termination or expiration of the Agreement, shall accept, have, hold, take or perform a Competitive Position with or for a Competitive Business located within a five (5) mile radius of Franchisee's Accepted Location or of any ATLANTA BREAD COMPANY Bakery Café that is operating as of the date of termination of the Agreement.

14.3 Public Corporation Exception. It shall not be deemed to be a violation of the covenants in Sections 14.1 or 14.2 if Franchisee or its Affiliates or any Principal own securities of a Publicly-Held Corporation that is listed on any stock exchange or traded on the over-the-counter market that in the aggregate represent 5% or less of the number of issued and outstanding securities of that class of securities.

14.4 Covered Employee Protective Provisions.

a. In addition to Franchisee's other agreements, duties, representations, warranties and covenants set forth in this Agreement, and as a material inducement for Franchisor to enter into this Agreement and provide the rights and privileges granted herein, Franchisee hereby represents, warrants, covenants, agrees and acknowledges that: (i) Franchisor and its Affiliates have invested a substantial amount of time and a substantial sum of money to identify, hire and train their Covered Employees and that such investment represents a valuable asset of Franchisor and its Affiliates; (ii) given the technical and service-oriented nature of Franchisor's and its Affiliates' businesses, the type of individuals hired by Franchisor and its Affiliates as Covered Employees are well-trained, closely supervised and painstakingly selected; (iii) such Covered Employees are not easily replaceable insofar as it generally takes a substantial amount of time and resources to interview from the supply of qualified candidates to locate, interview and select the appropriate Covered Employees of the necessary skill and competence according to Franchisor's and its Affiliates' high standards; (iv) after new Covered Employees are hired by Franchisor or its Affiliates they undergo substantial training and it often takes months before such Covered Employees can perform to an acceptable level of efficiency, competence and quality, all of which involves active participation by the professionals employed by Franchisor or its Affiliates; (v) if any of Franchisor's or its Affiliates' Covered Employees are hired away it would result in a significant disruption to the business of Franchisor and its Affiliates; (vi) Franchisor's and its Affiliates' damages following any hiring away of its Covered Employees are difficult or impossible to accurately estimate or calculate; (vii) the liquidated damages amounts set forth in Section 14.4(b) hereof are reasonable pre-estimates of what Franchisor's and its Affiliates' damages would be in the event of an occurrence of any such events as set forth in Section 14.4(b) and, when assessed, shall be Franchisor's sole remedy solely for the breach of Section 14.4(b) below with respect to such hiring away of such Covered Employee; and (h) it is their mutual intention that Section 14.4(b) hereof provides for liquidated

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damages to compensate Franchisor and its Affiliates upon the occurrence of such an event, rather than penalties to deter Franchisee or to punish Franchisee therefore.

b. In recognition of the foregoing, Franchisee represents, warrants, covenants and agrees that in the event that during the term of this Agreement or for one year thereafter Franchisee either directly or indirectly, alone or in conjunction with any other Prohibited Person or Entity: (i) solicits for employment or employs any Covered Employee; or (ii) otherwise induces any such Covered Employee to leave his or her employment with Franchisor or an Affiliate of Franchisor and work for a Competitive Business; then, in any such event, Franchisee shall immediately owe, and be obligated to pay Franchisor as liquidated damages to compensate Franchisor upon the occurrence of such an event, in cash a sum equal to thirty percent (30%) of the then current annual salary (including bonuses) of such Covered Employee based upon such employee's most recent salary (and bonuses) paid or required to be paid by Franchisor.

ARTICLE 15.
MISCELLANEOUS PROVISIONS APPLICABLE TO SYSTEM/FRANCHISEE PROTECTION PROVISIONS

~~12.2~~15.1 Equitable Relief Franchisee acknowledges that Franchisee's or any Principals' violation or threatened breach of any of the System/Franchisee Protection Provisions will cause immediate, irreparable and incalculable harm and significant injury to Franchisor and its other franchisees and the System, which will be difficult to ascertain and for which no adequate remedy at law may be available. Thus, in addition to any other remedies which Franchisor may have hereunder or at law or in equity (including the right to terminate this Agreement), Franchisee consents and agrees to the granting of equitable relief in Franchisor's favor, including, without limitation, a preliminary and/or permanent injunction and a decree for specific performance of the terms hereof without the necessity of showing actual or threatened damage, and without being required to furnish a bond or other security, in excess of any minimum bond that may be required by applicable law. Franchisee shall pay on demand all damages, costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in obtaining any such equitable relief Franchisor may further avail itself of any legal or equitable rights and remedies which it may have under this Agreement or otherwise at law or in equity.

~~12.3~~15.2 ~~13.4~~ No Defense to Enforcement. Franchisee expressly agrees that the existence of any claims it may have against Franchisor, ~~or any other franchisee of the System,~~ whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of any of the System/Franchisee Protection Provisions.

~~12.4~~15.3 ~~13.5~~ Independent Covenants and Ability to Blue Pencil. The parties agree that each of the System/Franchisee Protection Provisions shall be construed as completely separate and independent of each other and separate and independent of any other covenant or agreement in this Agreement. If all or any portion of any System/Franchisee Protection Provisions is held unreasonable, overly broad, void or unenforceable for any reason (including, without limitation, time, territory or scope) by any court or agency having valid jurisdiction: (a) Franchisee expressly agrees to be bound by such covenant or portion thereof to

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the maximum extent permitted by law; (b) the parties wish the applicable court or agency to revise the specific terms so held to make it reasonable and enforceable; and (c) if such System/Franchisee Protection Provisions cannot be modified to be enforceable for whatever reason, such unreasonable, overly broad, void or unenforceable System/Franchisee Protection Provision will be severed from the remaining portions and provisions of this Agreement (including the remaining System/Franchisee Protection Provisions), all of which shall otherwise remain in full force or effect.

13.6 Public Corporation Exception. It shall not be deemed to be a violation of the covenants in Sections 14.1 and 19.1 if Franchisee or its Affiliates or any Principals own securities of a Publicly Held Corporation that are listed on any stock exchange or traded on the over-the-counter market that in the aggregate represent 5% or less of the number of issued and outstanding securities of that class of securities.

ARTICLE 14.
PROTECTION OF FRANCHISE SYSTEM AND OTHER FRANCHISEES DURING TERM OF AGREEMENT

14.1 Business Protective Provisions Applicable During Effective Agreement Period. In addition to Franchisee's other agreements, duties, representations, warranties and covenants set forth in this Agreement, as a material inducement for Franchisor to enter into this Agreement and provide the rights and privileges granted herein, and in order to better protect all other franchisees of the System and Franchisor, Franchisee hereby represents, warrants, covenants and agrees that during the Effective Agreement Period, Franchisee, its Affiliates and the Principals shall not accept, have, hold, take or perform a Competitive Position with or for a Competitive Bakery/Cafe in the Protected Territory.

ARTICLE 15.
PROTECTION OF FRANCHISE SYSTEM CONFIDENTIAL INFORMATION DURING TERM OF AGREEMENT

15.1 Confidential Information Protective Provisions Applicable During Effective Agreement Period. In addition to Franchisee's other agreements, duties, representations, warranties and covenants set forth in this Agreement, as a material inducement for Franchisor to enter into this Agreement and provide the rights and privileges granted herein, and in order to better protect all other franchisees of the System and Franchisor, Franchisee hereby represents, warrants, covenants and agrees that during the Effective Agreement Period, Franchisee, its Affiliates and the Principals shall not, directly or indirectly, publish, communicate, disclose, divulge, copy, appropriate or otherwise use any of Franchisor's Confidential Information to or for the benefit of such party or any other person or Entity, except as required to carry out Franchisee's obligations under this Agreement or as Franchisor has otherwise expressly approved in writing.

ARTICLE 16.

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PROTECTION OF FRANCHISE SYSTEM TRADE SECRETS DURING TERM OF AGREEMENT

16.1 Trade Secret Protective Provisions Applicable During Effective Agreement Period. In addition to Franchisee's other agreements, duties, representations, warranties and covenants set forth in this Agreement, as a material inducement for Franchisor to enter into this Agreement and provide the rights and privileges granted herein, and in order to better protect all other franchisees of the System and Franchisor, Franchisee hereby represents, warrants, covenants and agrees that during the Effective Agreement Period, Franchisee, its Affiliates and the Principals shall not, directly or indirectly, publish, communicate, disclose, divulge, copy, appropriate or otherwise use any of Franchisor's Trade Secrets to or for the benefit of such party or any other person or Entity, except as required to carry out Franchisee's obligations under this Agreement or as Franchisor has otherwise expressly approved in writing.

ARTICLE 17.
PROTECTION OF FRANCHISOR COVERED EMPLOYEES DURING TERM OF AGREEMENT

17.1 Covered Employee Protective Provisions Applicable During Effective Agreement Period. In addition to Franchisee's other agreements, duties, representations, warranties and covenants set forth in this Agreement, as a material inducement for Franchisor to enter into this Agreement and provide the rights and privileges granted herein, Franchisee hereby represents, warrants, covenants, agrees and acknowledges that: (a) Franchisor and its Affiliates have invested a substantial amount of time and a substantial sum of money to identify, hire and train their Covered Employees and that such investment represents a valuable asset of Franchisor and its Affiliates; (b) given the highly technical and service oriented nature of Franchisor's and its Affiliates' businesses, the type of individuals hired by Franchisor and its Affiliates as Covered Employees are very well trained, closely supervised and painstakingly selected; (c) such Covered Employees are not easily replaceable insofar as it generally takes a substantial amount of time and resources to interview from the supply of qualified candidates to locate, interview and select the appropriate Covered Employees of the necessary skill and competence according to Franchisor's and its Affiliates' high standards; (d) after new Covered Employees are hired by Franchisor or its Affiliates they undergo substantial training and it takes months before such Covered Employees can perform to an acceptable level of efficiency, competence and quality, all of which involves active participation by the professionals employed by Franchisor or its Affiliates; (e) if any of Franchisor's or its Affiliates' Covered Employees are hired away it would result in a significant disruption to the business of Franchisor and its Affiliates; (f) Franchisor's and its Affiliates' damages following any hiring away of its Covered Employees are difficult or impossible to accurately estimate or calculate; (g) the liquidated damages amounts set forth in Section 17.2 hereof are reasonable pre estimates of what Franchisor's and its Affiliates' damages would be in the event of an occurrence of any such events as set forth in Section 17.2 and, when assessed, shall be Franchisor's sole remedy solely for the breach of Section 17.2 below with respect to such hiring away of such Covered Employee; and (h) it is their mutual intention that Section 17.2 hereof provides for liquidated damages to compensate Franchisor and its Affiliates upon the occurrence of such an event, rather than penalties to deter Franchisee or to punish Franchisee therefore.

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17.2 Covered Employee Interference Liquidated Damages. In recognition of the foregoing, Franchisee represents, warrants, covenants and agrees that in the event that during the Effective Agreement Period Franchisee either directly or indirectly, alone or in conjunction with any other Prohibited Person or Entity: (a) solicits for employment or employs any Covered Employee; or (b) otherwise induces any such Covered Employee to leave his or her employment with Franchisor or an Affiliate of Franchisor and work for a Competitive Bakery/Cafe; then, in any such event, Franchisee shall immediately owe, and be obligated to pay Franchisor as liquidated damages to compensate Franchisor upon the occurrence of such an event, in cash a sum equal to thirty percent (30%) of the then current annual salary (including bonuses) of such Covered Employee based upon such employee's most recent salary (and bonuses) paid or required to be paid by Franchisor.

ARTICLE 18.
PROTECTION OF FRANCHISE SYSTEM AND MARKS DURING TERM OF AGREEMENT

18.1 Customer Protective Provisions Applicable During Effective Agreement Period. In addition to Franchisee's other agreements, duties, representations, warranties and covenants set forth in this Agreement, as a material inducement for Franchisor to enter into this Agreement and provide the rights and privileges granted herein, and in order to better protect all other franchisees of the System and Franchisor, Franchisee hereby represents, warrants, covenants and agrees that during the Effective Agreement Period, Franchisee, its Affiliates and the Principals shall not, directly or indirectly, for itself, or through, on behalf of, or in conjunction with any other person or Entity divert or attempt to divert any customer of Franchisor or its Affiliates or Franchisee to any Competitive Business, by direct or indirect inducement or otherwise.

ARTICLE 19.
PROTECTION OF FRANCHISE SYSTEM AND OTHER FRANCHISEES AFTER THE EFFECTIVE AGREEMENT PERIOD

19.1 Business Protective Provisions Applicable During The Post Term Protection Period. In addition to Franchisee's other agreements, duties, representations, warranties and covenants set forth in this Agreement, as a material inducement for Franchisor to enter into this Agreement and provide the rights and privileges granted herein, and in order to better protect all other franchisees of the System and Franchisor, Franchisee hereby represents, warrants, covenants and agrees that during the Post Term Protection Period, Franchisee, its Affiliates and the Principals shall not accept, have, hold, take or perform a Competitive Position with or for a Competitive Bakery/Cafe in the Protected Territory.

ARTICLE 20.
PROTECTION OF FRANCHISE SYSTEM CONFIDENTIAL INFORMATION AFTER EFFECTIVE AGREEMENT PERIOD

20.1 Confidential Information Protective Provisions Applicable During The Post Term Protection Period. In addition to Franchisee's other agreements, duties, representations,

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warranties and covenants set forth in this Agreement, as a material inducement for Franchisor to enter into this Agreement and provide the rights and privileges granted herein, and in order to better protect all other franchisees of the System and Franchisor, Franchisee hereby represents, warrants, covenants and agrees that during the Post Term Protection Period, Franchisee, its Affiliates and the Principals shall not, directly or indirectly, publish, communicate, disclose, divulge, copy, appropriate or otherwise use any of Franchisor's Confidential Information to or for the benefit of such party or any other person or Entity.

ARTICLE 21.
PROTECTION OF FRANCHISE SYSTEM TRADE SECRETS AFTER EFFECTIVE AGREEMENT PERIOD

21.1 Trade Secret Protective Provisions Applicable Following Effective Agreement Period. In addition to Franchisee's other agreements, duties, representations, warranties and covenants set forth in this Agreement, as a material inducement for Franchisor to enter into this Agreement and provide the rights and privileges granted herein, and in order to better protect all other franchisees of the System and Franchisor, Franchisee hereby represents, warrants, covenants and agrees that for so long after the Effective Agreement Period that Franchisor maintains any Trade Secrets as a Trade Secret under applicable law, Franchisee, its Affiliates and the Principals shall not, directly or indirectly, publish, communicate, disclose, divulge, copy, appropriate or otherwise use any of Franchisor's Trade Secrets to or for the benefit of such party or any other person or Entity.

ARTICLE 22.
PROTECTION OF FRANCHISOR AND AFFILIATE COVERED EMPLOYEES AFTER TERM OF AGREEMENT

22.1 Covered Employee Protective Provisions Applicable During The Post Term Protection Period. In addition to Franchisee's other agreements, duties, representations, warranties and covenants set forth in this Agreement, as a material inducement for Franchisor to enter into this Agreement and provide the rights and privileges granted herein, Franchisee hereby represents, warrants, covenants, agrees and acknowledges that: (a) Franchisor and its Affiliates have invested a substantial amount of time and a substantial sum of money to identify, hire and train their Covered Employees and that such investment represents a valuable asset of Franchisor and its Affiliates; (b) given the highly technical and service oriented nature of Franchisor's and its Affiliates' businesses, the type of individuals hired by Franchisor and its Affiliates as Covered Employees are very well trained, closely supervised and painstakingly selected; (c) such Covered Employees are not easily replaceable insofar as it generally takes a substantial amount of time and resources to interview from the supply of qualified candidates to locate, interview and select the appropriate Covered Employees of the necessary skill and competence according to franchisor's and its Affiliates' high standards; (d) after new Covered Employees are hired by Franchisor or its Affiliates they undergo substantial training and it takes months before such Covered Employees can perform to an acceptable level of efficiency, competence and quality, all of which involves active participation by the professionals employed by Franchisor or its Affiliates; (e) if any of Franchisor's or its Affiliates' Covered Employees are hired away it would result in a significant disruption to the business of Franchisor and its Affiliates; (f) Franchisor's

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and its Affiliates' damages following any hiring away of its Covered Employees are difficult or impossible to accurately estimate or calculate; (g) the liquidated damages amounts set forth in Section 22.2 hereof are reasonable pre-estimates of what Franchisor's and its Affiliates' damages would be in the event of an occurrence of any such events as set forth in Section 22.2 and, when assessed, shall be Franchisor's sole remedy solely for the breach of Section 22.2 below with respect to such hiring away of such Covered Employee; and (h) it is their mutual intention that Section 22.2 hereof provides for liquidated damages to compensate Franchisor and its Affiliates upon the occurrence of such an event, rather than penalties to deter Franchisee or to punish Franchisee therefore.

22.2 Covered Employee Interference Liquidated Damages. In recognition of the foregoing, Franchisee represents, warrants, covenants and agrees that in the event that during the Post Term Protection Period Franchisee either directly or indirectly, alone or in conjunction with any other Prohibited Person or Entity: (a) solicits for employment or employs any Covered Employee; or (b) otherwise induces any such Covered Employee to leave his or her employment with Franchisor or an Affiliate of Franchisor and work for a Competitive Bakery/Cafe; then, in any such event, Franchisee shall immediately owe, and be obligated to pay Franchisor as liquidated damages to compensate Franchisor upon the occurrence of such an event, in cash a sum equal to thirty percent (30%) of the then current annual salary (including bonuses) of such Covered Employee based upon such employee's most recent salary (and bonuses) paid or required to be paid by Franchisor.

ARTICLE 23.
PROTECTION OF FRANCHISE SYSTEM AND MARKS AFTER TERM OF AGREEMENT

23.1 Customer Protective Provisions Applicable During Post Term Protection Period. In addition to Franchisee's other agreements, duties, representations, warranties and covenants set forth in this Agreement, as a material inducement for Franchisor to enter into this Agreement and provide the rights and privileges granted herein, and in order to better protect all other franchisees of the System and Franchisor, Franchisee hereby represents, warrants, covenants and agrees that during the Post Term Protection Period, Franchisee, its Affiliates and the Principals shall not, directly or indirectly, for itself, or through, on behalf of, or in conjunction with any other person or Entity divert or attempt to divert any customer of Franchisor or Franchisee to any Competitive Business, by direct or indirect inducement or otherwise.

ARTICLE 24.
PERMITTED EXCEPTIONS TO DISCLOSURE OF CONFIDENTIAL INFORMATION OR TRADE SECRETS AND ADDITIONAL REQUIREMENTS, REPRESENTATIONS, WARRANTIES OR COVENANTS

24.1 Standard Exceptions. The provisions of Sections 15.1, 16.1, 20.1 and 21.1 prohibiting disclosure or use of Confidential Information or Trade Secrets shall not apply to any item or piece of information that: (a) is in the public domain through lawful means, other than as a result of any actions or omissions of Franchisee or any of its Affiliates, Principals, employees, agents, subcontractors or consultants, officers or directors; (b) can be proven by appropriate

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written documentation to have been completely developed by Franchisee without any access to or use of any Confidential Information, Trade Secrets or other information or properties of Franchisor or its Affiliates; (c) can be proven by appropriate written documentation to have been already known by Franchisee prior to the disclosure thereof by Franchisor or anyone acting on Franchisor's behalf or anyone otherwise in possession of such Confidential Information or Trade Secrets or other information or properties of Franchisor or its Affiliates.

24.2 Certain Disclosure Permitted. The Franchisee may disclose Confidential Information or Trade Secrets or any other proprietary portions of the System only to such of its directors, officers, employees, agents, subcontractors and representatives who must have access to it in order to operate Franchisee's Bakery/Cafe; provided that before disclosing any such items, as a material obligation under this Agreement, Franchisee shall require any such director, officer, employee, agent, subcontractor and representative to execute and deliver a Confidentiality Agreement, in the form attached hereto as Exhibit B or such other agreement in form and substance reasonably acceptable to Franchisor providing that such individual shall honor all of the confidentiality provisions of Sections 15.1, 16.1, 20.1 and 21.1 and any other confidentiality obligations imposed by applicable law.

24.3 Additional Representations, Covenants and Warranties Regarding Confidential Information and Trade Secrets. Franchisee represents, warrants and covenants that:

a. all Confidential Information and Trade Secrets of Franchisor (and all intellectual property rights therein) are owned solely and exclusively by Franchisor (as between Franchisor and Franchisees), and Franchisee and the Principals shall take no actions, nor omit to take an action, that could have the effect of challenging or adversely impacting the exclusive ownership thereof by Franchisor;

b. Franchisee shall properly protect and keep confidential the Confidential Information or Trade Secrets of third parties disclosed to Franchisee;

c. to the extent a piece of information or item loses its status as a Trade Secret, to the greatest extent that may be permitted by applicable law, and assuming it meets the definitions set forth herein, such piece of information or item shall nevertheless continue to be treated as Confidential Information subject to the applicable provisions of this Agreement;

d. Franchisee and its Principals during the Effective Agreement Period will receive proprietary information that Franchisor has developed over time and at great expense, including, but not limited to, information regarding the System, methods of site selection, marketing and public relations methods, product analysis and selection, and service methods and skills relating to the development and operation of the franchised Bakery/Cafe and includes, but is not necessarily limited to, information and items contained in the Manuals, is not generally known in the industry and is beyond their own present knowledge, skills and experience, and that to develop it themselves would be expensive, time consuming and difficult;

e. Franchisor's System, Manuals, Confidential Information or Trade Secrets provide a significant competitive advantage and will be valuable to Franchisee and its Principals in the

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development of their Bakery/Cafe, and that gaining access to all such items is therefore a primary reason why they and all othor franchisees enter into this Agreement; and

f other than in connection with its operation of its Bakery/Cafe, or as specifically set forth in this Agreement, noither Franchisee nor any Designated Principal shall at any time acquire any right, title or interest in or to any Confidential Infomiation, Trade Secret, Marks, Manuals, System or other intellectual property right which is owned by, or licensed to, Franchisor or its Affiliates.

24.1 Franchiseo Employoo Compliance and Retum of Confidential Information and Tmde Secrets. Franchisoe agrees that it and all of its employees and agents will takо appropriate steps to protect Franchisor's Confidential Infomiation and Trade Secrets from any unauthorized publication, communication, disclosure, divulging, copying, appropriation or use. At any timo upon Franchisor's request, and in any event upon expiration of this Agreement or termination of this Agreement for any reason, Franchisee shall immediately stop using and return any copies of documents containing Confidential Information and Trade Secrets and shall take appropriate stops to pomianently delete and render unusable any Confidential Information and Trade Secrets stored electronically and certify same to Franchisor in writing. Franchisee and each Principal shall be liable to Franchisor for any broach of these confidentiality obhgafions by Franchisoe or its Principals, managers, employees, agents, reprcsentativos or contractors.

~~12.5~~15.1 ~~24.5~~ Personal Covenants. As a condition to the effectiveness of this Agreement, and at the time Franchisee delivers this signed Agreement to Franchisor, Franchisee's spouse, and if Franchisee is not an individual, its Principals and their respecfive spouses, and Bakory/Cafe manager(s) (each a "Bound Party") must sign and deliver to Franchisor the Personal Covenants attached hereto as Exhibit E (the "Personal Covenants"), agreeing to be bound personally by all of the System/Franchisee Protection Provisions. If there are any changes in the identity of any such persons while this Agreement is in effect, Franchisee must nofify Franchisor promptly, and each new such person must sign and deliver to Franchisor the Personal Covenants.

ARTICLE 25.
ARTICLE 13.ARTICLE 16.
RELATIONSHIP OF PARTIES AND INDEMNIFICATION; ATTORNEYS' FEES

~~13.1~~16.1 ~~25.1~~ Independent Contractor. Franchisee is not, and shall not represent or hold itself out as an agent, legal representative, joint venturer, partner, employee or scrvant of Franchisor for any purpose whatsoever and, where permitted by law to do so, shall file a business certificate to such effect with the proper recording authorities. Franchisee is an independent eontractor and is not authorized to make any contract, agreement, warranty or representation on behalf of Franchisor, or to create any obligafion, express or implied, on behalf of Franchisor. During the term of this Agreement, Franchisee shall hold itself out to the public as an independent contractor operating the Franchise pursuant to a franchise from Franchisor. Franchisee agrees that Franchisor does not have any fiduciary obligation to Franchisee. Franchisee shall not use the name ATLANTA BREAD COMPANY (other than in connecfion with the operation of its Bakcry/Cafe Café), or ATLANTA BREAD COMPANY INTERNATIONAL, INC., or any

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similar words as part of or in association with any trade name of any business entity that is directly or indirectly associated with Franchisee.

~~13.2~~16.2 ~~25.2~~ Indemnification by Franchisee. Franchisee shall indemnify, defend and hold harmless Franchisor and its ~~Affiliates~~, and their respective officers, directors, employees, agents, affiliates, successors and assigns from and against (a) any and all claims, demands, liabilities, judgments, damages, costs, and expenses (collectively, "~~Liabilities~~") based upon, arising out of, or in any way related to the operation of the Franchise or the condition of any part of its ~~Bakery/Cafe~~ Café or ~~Bakery/Cafe~~ Café premises; the conduct of business thereat; the lease, ownership or possession of real or personal property; and any negligent act or omission, willful misconduct, misfeasance or nonfeasance or fraud by Franchisee or any of its Principals, agents, contractors, servants, employees or licensees (including, without limitation, the performance or failure to perform by Franchisee of any act required by, or performed pursuant to, any provision of this ~~Agreement~~); and (b) any and all fees (including reasonable ~~attomoys'~~attorneys' fees), costs and other expenses incurred by or on behalf of Franchisor in the investigation of or defense against any and all Liabilities, whether incurred before or at trial, on appeal, during any bankruptcy or insolvency proceedings, during any post-judgment collection proceedings, or otherwise.

~~25.3 Attorneys' Fees and Costs. In the event that any party to this Agreement initiates any legal proceeding to construo or enforce any of the terms, conditions and/or provisions of this Agroomont, including, but not limited to, its termination provisions and its provisions requiring Franchisee to make certain payments to Franchisor incident to the operation of Franchisee's Bakery/Cafo. or to obtain damages or other relief to which any such party may be entitled by virtue of this Agroomont, tho prevailing party or parties shall be paid its reasonable attorneys' foes and expenses by the othor party or parties, whether incurred before or at trial, on appeal, during any banlcruptey or insolvency proceedings, during any post-judgment collection procoodings, or othorwiso. If Franchisee fails to comply with a written notice of ten nination sent by Franchisor and a comt later upholds such termination of this Agroomont, Franchisee's operation of the Bakery/Cafo, from and after the date of termination stated in such notice, shall constitute willful trademark infringement and unfair competition by Franchisee, and Franchisee shall be liable lo Franchisor for damages rosulting from such infringement in addition to any fees paid or payable hereunder, including, without limitation, any profits which Franchisee derived from such post temtination operation of the Bakery/Cafo.~~

~~ARTICLE 26.~~
~~ARTICLE 14.~~ARTICLE 17.
INSURANCE COVERAGE

~~14.1~~17.1 ~~26.1~~ Overall Coverage Required. Franchisee shall procure, during the Pre-Opening Period, and shall maintain in full force and effect during the term of this ~~Agreement~~ at ~~Franchisee's~~Franchisee's expense, an insurance policy or policies protecting Franchisor and Franchisee, and the officers, directors, partners, and employees of both Franchisor and Franchisee against any loss, liability, personal injury, death, property damage, or expense

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whatsoever arising or occurring upon or in connection with operating the Franchise. Prior to any construction, development and/or design of its Bakory~~/Cafe~~ Café, Franchisee shall procure, to the satisfaction of Franchisor, such liability insurance coverage as is necessary to protect against loss for any damage or accident arising on the premises to property or person. Franchisee shall procure ~~workers'~~workers' compensation coverage for each of its employees no later than the first date of such ~~employee's~~employee`s employment. Franchisor shall be named as an additional insured on all such policies. Prior to the opening Franchisee's Bakory~~/Cafe~~ Café and thereafter at least thirty (30) days prior to the expiration of any such policy or policies, Franchisee shall deliver to Franchisor certificates of insurance evidencing the proper coverage with limits not less than those required hereunder. Notwithstanding the foregoing, Franchisee shall submit to Franchisor for approval certificates of insurance showing compliance with the ~~worker's~~workcr's compensation requirements set forth herein prior to the training of any Franchisee employee at a Bakcry~~/Cafe~~ Café operated by Franchisor or any franchisee where training has been designated. All certificates shall expressly provide that not less than thirty (30) days prior written notice shall be given to Franchisor in the event of material alterafion to, or termination, non-renewal, or cancellation of, the coverages evidenced by such certificates.

~~14.2~~17.2 ~~26.2~~ Insurance Carricr Must be Approved by Franchisor. Such policy or policies shall be written by an insurance company rated A-minus or better, in Class 10 or higher, by Best Insurance Ratings Service and satisfactory to Franchisor in accordance with standards and specifications set forth in the Manuals or othorwise in writing, from time to time, and shall include, at a minimum (except as additional coverages and higher policy limits may be specified by Franchisor from fime to time), the following initial minimum coverage:

a. ~~a~~ (i) Commercial General Liability Insurance, including coverage for products-completed operations, contractual liability, personal and advertising injury, fire damage, medical expenses, and liquor liability, having a combined single limit for bodily injury and property damage of $2,000,000 per occurrence and $5,000,000 in the aggregate (except for fire damage and medical expense coverage, which may have different limits of not less than $100,000 for one fire and $10,000 for one person, respectively); plus (ii) non-owned automobile liability insurance and, if Franchisee owns, rents or identifies any vehicles with any Marks or vehicles are used in connection with the operation of the Franchise, automobile liability coverage for owned, non-owned, scheduled and hired vehicles having limits for bodily injuries of $500,000 per person and $1,000,000 per accident, and property damage limits of $100,000 per occurrence; plus (iii) excess liability umbrella coverage for the general liability and automobile liability coverage in an amount of not less than $5,000,000 per occurrence and aggregate. All such coverages shall be on an occurrence basis and shall provide for waivers of subrogation.

b. ~~b.~~ Comprehensive crime and blanket employee dishonesty insurance in an amount of not less than $50,000.

c. ~~c.~~ All-risk property insurance, including theft and flood coverage (when applicable), written at replacement cost value covering the building,

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improvements, furniture, fixtures, equipment, food and beverage products. _Coverage shall be written in a value which will cover not less than eighty (80%) percent of the replacement cost of the building and one hundred (100%) percent of the replacement cost of the contents of the building.

d. ~~d.~~ ~~Employer's~~Employer`s Liability and ~~Worker's~~Worker's compensation Insurance, as required by state law.

e. ~~e.~~ ~~Business~~ interrmption insurance of not less than Fifty Thousand Dollars ($50,000.00) per month for loss of income and other expenses with a limit of not less than six (6) months of coverage.

~~Franchisee's~~Franchisee's obligation to obtain and maintain, or cause to be obtained and maintained, the foregoing policy or policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall ~~Franchisee's~~Franchisee's performance of that obligation relieve it of liability under the indemnity provisions set forth in this Agreement.

~~14.3~~17.3 ~~26.3~~ No Limitations on Coverage. ~~Franchisee's~~ Franchisee's obligations to obtain and maintain the foregoing insurance policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall ~~Franchisee's~~Franchisee's performance of that obligation relieve it of liability under the indemnity provisions set forth in this Agreement. Franchisee may maintain such additional insurance as it may consider advisable.

~~14.4~~17.4 ~~26.4~~ Franchisee Must Provide Evidence of Coverage to Franchisor. Upon obtaining the insurance required by this Agreement and on each policy renewal date thereafter, Franchisee shall promptly submit evidence of satisfactory insurance and proof of payment to Franchisor, together with, upon request, copies of all policies and policy amendments and endorsements. The evidence of insurance shall include a statement by the insurer that the policy or policies will not be cancelled or materially altered without giving at least thirty (30) ~~day's~~days' prior written notice to Franchisor.

~~14.5~~17.5 ~~26.5~~ Franchisor May Procure Insurance Coverage. Should Franchisee, for any reason, fail to procure or maintain the insurance required by this Agreement, as described from time to time by the Manual or otherwise in writing, Franchisor shall have the right and authority (but no obligation) to procure such insurance and to charge same to Franchisee, which charges, together with a reasonable fee for ~~Franchisor's~~Franchisor's expenses in so aeting, shall be payable by Franchisee immediately upon notice from Franchisor.

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~~14.6~~17.6 ~~26.6 —~~Submission of Reports to Franchisor. No later than thirty (30) days following ~~Franchisee's~~Franchisee's receipt of same, Franchisee shall submit to Franchisor a copy of any written report relating to the condition of Franchisee's Bakcry~~/Cafe~~ Café or premises, or any aspect thereof, prepared by an insurer or prospective insurer or by a representative of a federal, state or local government agency, provided that if any such report contains comments or information which could materially and detrimentally affect the Bakcry~~/Cafe~~ Café, such report shall be submitted to Franchisor within three (3) days following ~~Franchisee's~~Franchisee's receipt thereof

~~ARTICLE 27.~~ ~~ARTICLE 15.~~ARTICLE 18. DEBTS AND TAXES

~~15.1~~18.1 ~~27.1. —~~Payment. Franchisee shall promptly pay when due all obligations incurred, directly or indirectly, in connection with Franchisee's Bakory~~/Cafe~~ Café and its operation, including, without limitation, all taxes and assessments levied or assessed, including unemployment, real and personal property, and sales taxes, and all accounts and other indebtedness of every kind incurred by Franchisee in the conduct of the Franchise. All accumulated contributions or payments made by Franchisor or its Aftiliates to accounts, funds, rescrvcs or pools, for example worker's compensation, disability, unemployment compensation or other programs remain assets of the Franchisor or its Aftiliates, as applicable, and if transferred to Franchisee, Franchisee shall pay to Franchisor or the applicable Aftiliate such amount. Franchisee shall pay to Franchisor an amount equal to any sales tax, gross receipts tax, or similar tax imposed on Franchisor with respect to any payments to Franchisor required under this Agreement, unless the tax is credited against income tax otherwise payable by Franchisor.

~~15.2~~18.2 ~~27.2. —~~Dispute. In the event of any bona tide dispute as to liability for taxes or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law; however, in no event shall Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor to occur against the premises of the Franchised Business, or any improvements thereon.

~~ARTICLE 28.~~ ~~ARTICLE 16.~~ARTICLE 19. MARKS

~~16.1~~19.1 ~~28.1 —~~Use of Marks. With respect to Franchisee's use of the Marks pursuant to this Agreement, Franchisee agrees that:

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a. a. Franchisee shall use only the Marks designated by Franchisor and shall use them only in the manner and location authorized and permitted by Franchisor. Franchisee shall not use any of the Marks in connection with any statement or material which may, in the judgment of Franchisor, be in bad taste or inconsistent with ~~Franchisor's~~Franchisor's public image, or tend to bring disparagement, ridicule or scom upon Franchisor, any of the Marks, or the goodwill associated therewith. Any unauthorized use of the Marks shall constitute an infringement of Franchisor's rights.

b. ~~b.~~ Franchisee shall execute any documents deemed necessary by Franchisor or its counsel to obtain protection for the Marks or to maintain their continued validity and enforceability.

c. ~~e.~~ Franchisee shall not use the Marks, or adopt, use or register any name, style or design which includes or is similar to, any ofiFranchisor's Marks, in its corporate name, domain name, electronic address or any fictitious name without Franchisor's prior written consent. If Franchisor consents to Franchisee's use ofi a tictitious name containing the Marks and state or local laws or ordinances require that Franchisee tile an affidavit of doing business imder an assumed name or othcrwise to file a report or other certiticate indicating that ATLANTA BREAD COMPANY or such other Mark or similar name is being used as a fietitious or assumed name, Franchisee shall include in such tiling or apphcation therefor an indication that the tiling is made as a franchisee of Atlanta Bread Company Intemational, Inc., a Georgia corporation.

d. ~~d.~~ Franchisee shall not, either during the term of this Agreement or at any time after the expiration or any termination of this Agreement, directly or indirectly raise or cause to be raised any questions conceming, or objections to, or contest, the validity, ownership or use ofithe Marks on any grounds whatsoever.

e. ~~e.~~ In the event that litigation involving the Marks is instituted or threatened against Franchisee, Franchisee shall promptly notify Franchisor in writing and shall cooperate fully in defending or settling such litigation or threatened litigation. Franchisee shall not make any demand or serve any notice, orally or in writing, or institute any legal action or negotiate, compromise or settle any controversy involving the Marks without tirst obtaining Franchisor's prior written consent. Franchisor shall have the exclusive right to institute, negotiate, compromise, settle, dismiss, appeal or othcrwise handle any such action and take such steps as it may deem advisable to prevent any such action and to join Franchisee and any other franchisees as a party to any such action to which Franchisor may be a party and to which Franchisee is or would be a necessary or proper party, but nothing herein shall be constmed to obligate Franchisor to seek recovery of costs or damages of any kind in any such litigation, the assertion or waiver of such claims being within the sole discretion of Franchisor. The costs of any such action shall be paid by Franchisor and any recovery obtained shall be paid to Franchisor. During the course of any such litigation in which the interests of Franchisee and Franchisor are not adverse, Franchisee and Franchisor shall be deemed to be joint clients of the

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litigation counsel; and, in that event, no attorney/client privilege shall restrict Franchisee's or Franchisor's right to communicate with and receive information relating to such litigation. Notwithstanding Franchisor's exercise of any of its rights under this Section, Franchisor resorves any rights it may have to seek indemnification from Franchisee in any appropriate case.

f ~~f.~~ Franchisee shall not use or permit the use of any trade names, trademarks or service marks at its Bakcry/~~C~~afe Café other than the Marks without Franchisor's prior written consent.

g. ~~g.~~ Upon termination of this Agreement for any reason or expiration of this Agreement, Franchisee shall immediately cease the use of the Marks and take such action as required under Article 29. Franchisee acknowledges that Franchisee's violation of the terms of this Article 28 may cause immediate, irreparable and incalculable harm and significant injury to Franchisor, the damages of which may be difticult to ascertain and for which no adequate remedy of law may be available. Franchisee agrees to the granting of equitable relief, including injunctive relief and specific performance, in Franchisor's favor without proof of actual damages or posting a bond or other security, such bond or other security hereby being waived. Franchisee shall pay on demand all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining such relief

~~16.2~~19.2 ~~28.2.~~ Additional Agreements. Franchisee expressly understands and agrees that:

a. ~~a.~~ The right and license granted to Franchisee under this Agreement to use ~~Franchisor's~~Franchisor`s Marks and System is nonexclusive. Franchisor and its Aftiliates have the exclusive right and interest in and to the Marks and the goodwill now or in the future associated with and symbolized by them.

b. ~~b.~~ Franchisee's use of the Marks and System pursuant to this Agreement does not give Franchisee any ownership interest or other interest in them (other than the right to use them only in the manner and to the extent prescribed herein), or to the goodwill associated therewith, and any and all goodwill associated with or identified by any of ~~Franchisor's~~Franchisor`s Marks or the System or arising from Franchisee's use of the Marks in its Franchise under the System shall inure directly and exclusively to Franchisor's benefit, including, without limitation, any goodwill resulting from the operation and promotion of the Franchisee's Bakery/~~C~~afe Café, and upon expiration or termination of this Agreement and the license herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the System or the Marks.

c. ~~c.~~ If it becomes advisable at any time in Franchisor's sole judgment to modify or discontinue use of any Mark and/or for the Franchisee to use one or more

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additional or substitute Marks, Franchisee, at its sole cost, shall immediately comply with Franchisor's directions to modify or otherwise discontinue use of such Mark, and/or to use one or more additional or substimte Marks after notice thereof by Franchisor. Neither Franchisor nor its Aftiliates shall have any obligation to reimburse Franchisee for any expenditures made by Franchisee to modify or discontinue the use of a Mark or to adopt additional Marks or substitutes for a discontinued Mark, including, without limitation, any expenditures relating to signage, advertising or promotional materials or to compensate Franchisee for any loss, injury or damage related to any new or discontinued Mark

d. d.——During the Franchise Term, Franchisee, its Aftiliates and the Principals shall not, directly or indirectly, for itself or themselves, or through, on behalf of, or in eonjunction with any other person or Entity: (a) do or perform, directly or indirectly, any other act injurious or prejudicial to the Marks or the System or the goodwill associated with the Marks or the System; or (b) make any slanderous, defamatory and disparaging comments regarding the Marks, System, Franchisor or any other franchisee of the System.

~~ARTICLE 29.~~
~~ARTICLE 17.~~ARTICLE 20.
DEFAULT AND TERMINATION~~; OBLIGATIONS AFTER TERMINATION~~

~~17.1~~20.1 ~~29.1~~ Automatic Termination without Notice or Opportunity to Cure. Franchisee shall be in default under this Agreement and all rights granted herein shall automatically terminate without notice to Franchisee:

i. (i)——If Franchisee shall become or be adjudicated insolvent or bankrupt, fails to pay debts as they come due and/or admits in writing its inability to pay debts as they come due or makes a general assignment for the benetit of creditors;

ii. (ii)——If a petition in bankruptcy is filed by Franchisee or such a petition is tiled against and not opposed by Franchisee or proceedings for a composition with creditors under any state or federal law are instituted by or against Franchisee;

iii. ~~(iii)~~——If a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is tiled and consented to by Franchisee or such receiver or other custodian (permanent or temporary) is appointed by any court of competent jurisdiction;

iv. (iv)——If a tinal judgment against Franchisee remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond is filed);

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v. (v)—If execution is levied against Franchisee's business or property or the real or personal property of Franchisee's Bakery/Cafe Café shall be sold after levy thereupon by any sheriff, marshal, or constable;

vi. (vi)—If suit to foreclose any lien or mortgage against the premises or equipment of the Bakery/Cafe Café is instituted against Franchisee and not dismissed within thirty (30) days;

vii. (vii)—If Franchisee is dissolved either voluntarily or involuntarily; or

viii. (viii)—If Franchisee leases or subleases the Bakery/Cafe Café premises, and such lease or sublease expires (without renewal) or is terminated prior to end of the Franchise Term.

WAIVER OF AUTOMATIC STAY

If Franchisee shall (i) file with any bankruptcy court of competent jurisdiction or be the subject of any petition under Title 11 of the U.S. Code, as amended (the "Bankruptcy Code"), (ii) be the subject of any order for relief issued under the Bankruptcy Code, (iii) file or be the subject of any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future federal or state act or law relating to bankruptcy, insolvency, or other relief to debtors, (iv) have sought or consented to or acquiesced in the appointment of any trustee, receiver, conservator, or liquidator, or (v) be the subject of any order, judgment, or decree entered by any court of competent jurisdiction approving a petition against such party for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any bankruptcy, insolvency, or relief for debtors, then (a) Franchisor shall thereupon be entitled to relief from any automatic stay imposed by § 362 of the Bankruptcy Code, or any similar provision, (b) Franchisee hereby stipulates and agrees that "cause" under § 362 (c) of the Bankruptcy Code exists for relief from the automatic stay, (c) Franchisee hereby expressly waives any protection afforded by the automatic stay and any objection to Franchisor's relief therefrom, and (d) Franchisee agrees not to oppose or object to such relief.

~~17.2~~20.2 ~~29.2~~—Termination by Franchisor on Notice without Opportunity to Cure. Upon the occurrence of any of the following events, Franchisee shall be in default hereunder, and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon ~~receipt~~delivery of written notice by~~to~~ Franchisee:

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i. ~~(i)~~ If Franchisee neglects, fails or refuses to comply with any of the Pre-Opening Obligations, or if Franchisee fails to open its Bakery~~/Cafe~~ Café for business, on or prior to the end of the Pre-Opening Period;

ii. ~~(ii)~~ If Franchisee fails to timely procure or maintain the insurance required to be procured and maintained by Franchisee under Article ~~26~~;

iii. ~~(iii)~~ If Franchisee ceases to do business or abandons the Franchise, or fails to maintain operating hours required for the Bakery~~/Cafe~~ Café premises for one ~~(1)~~ business day, or relocates the Franchised Business without the prior written approval of Franchisor, or if the Franchisee loses the right to possession of the Bakery~~/Cafe~~ Café premises, or otherwise forfeits the right to do or transact business in the jurisdiction where its Bakery~~/Cafe~~ Café is located;

iv. ~~(iv)~~ If Franchisee or any of its Principals is convicted of, or has entered a plea of nolo contendere to, a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System, the Marks, and the goodwill associated therewith, or Franchisor's interest therein;

v. ~~(v)~~ If Franchisee or any Principal of Franchisee purports to Transfer any rights or obligations under this Agreement or any interest in Franchisee or the Franchise to any third party without Franchisor's prior written consent, contrary to the terms of Article 11;

vi. ~~(vi)~~ If Franchisee, its Aftiliates or any of the Principals fail to comply with any of the agreements and covenants contained in Sections 13.1 or 14.1, ~~15.1, 16.1, 17.1 and 18.1, or fails~~or fail to obtain and deliver the executed covenants which may be required under Sections ~~24~~13.2 and ~~24.5~~15.4;

vii. ~~(vii)~~ If Franchisee, or any of its Principals, employees, agents or representatives, has made any material misrepresentations, or has provided any false, misleading, inaccurate or incomplete information, whether written or oral, in connection with Franchisee's application to Franchisor for the franchise granted herein or in connection with the operation of the Franchise pursuant to this Agreement, including repeatedly failing to correctly record each sale on the approved POS System immediately at the time of such sale and at full retail price as required under Section 9.1;

viii. ~~(viii)~~ If Franchisee, or any of its Principals, employees, agents or representatives, engages in fraudulent conduct, including knowingly maintaining false books or records, submitting or making any false reports or statements to Franchisor, attempting to adjust

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the POS System or manipulate data input thereon to decrease Franchisee's royalty obligation, causing issuance of credits to Franchisee to which it is not entitled, or otherwise causing data presented not to be true and correct; or if Franchisee, or any of its Principals, employees, agents or representatives, denies Franchisor's authorized representatives immediate access to the Bakery/Cafe Café premises or to Franchisee's books and records for the purposes of an audit or inspection;

(ix) If Franchisee, after receiving notice of termination for a default under Section 29.3 hereof, fails to immediately initiate a remedy to cure such defauh;

ix. (x) If Franchisee commits an event of default under this Agreement or any Related Agreement, and fails to cure such default within the applicable cure period, if any, specified in such agreement;

x. (xi) If Franchisee engages, or permits others to engage, in illegal activities on or about the Bakcry/Cafe Café premises or othcrwise in connection with the operation of the Franchise;

xi. (xii) If Franchisee, or any of its employees, agents or representatives, assauhs, threatens, verbally or othorwise, the health or safety of, or engages in repeated or a pattem of abusive treatment against, Franchisee's customers, any member of the general public, other franchisees, or any employees, agents or representatives of Franchisor or its Affiliates;

xii. (xiii) If Franchisee-_engages in any acts or omissions which violate applicable law, including libel and slander laws;-_engages in any conduct which creates a material risk of danger to health or safety; or fails to comply with the provisions of Section 2819.2.d.;

xiii. (xiv) If Franchisee has received at least two (2) default notices from Franchisor within a twelve (12) month period, whether or not the defauh is the same or different in each instance, and even if such default is subject to a right to cure or is cured after notice is delivered to Franchisee;

xiv. (xv) If Franchisee is in default under the terms of any lease, sublease, or mortgage for the Bakery/Cafe Café premises;

xv. (xvi) If Franchisee allows any individual who is not a Franchisor certified baker to prepare any baked goods;

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xvi. ~~(xvii)~~ If Franchisee fails to pay when due any one or more of its suppliers or trade creditors at least three ~~(3)~~ times within any eighteen ~~(18)~~ consecutive months;

~~(xviii) If Franchisee continues to operate the Bakery/Cafe after the term of this Agreement has expired;~~

xvii. ~~(xix)~~ If an audit or inspection discloses an understatement of four percent (4%) or more in any report of Gross Sales or any payment to Franchisor;

xviii. ~~(xx)~~ If Franchisee is in default under the terms of the Development Agreement, if any, under which this Agreement has been entered into, beyond any applicable cure period; or

xix. ~~(xxi)~~ If Franchisee or any guarantor of its obligations under this Agreement becomes a Specially Designated National or Blocked Person or fails to comply with Section 36.5, including a breach of the representations set forth in Section 36.5 or Franchisor discovers through notice from Franchisee or through its own investigation that representations set forth in Section 36.5 are or have become false.

~~29.3 Termination by Franchisor on Notice with Opportunity to Cure. Except with respect to Franchisee's failure to pay when due any of the sums due Franchisor under this Agreement or any Related Agreement, and except with respect to Franchisee's failure to pay when due any amounts described in Section 27.1, and except as provided in Sections 29.1 and 29.2, Franchisee shall have thirty (30) days after its receipt from Franchisor of a written notice of termination pursuant to this Section 29.3 within which to remedy any default hereunder and provide evidence thereof to Franchisor, provided that if such default is not susceptible of being cured, this Agreement shall terminate on notice to Franchisee of the default. Franchisee shall, upon receiving such notice, immediately initiate a remedy to cure such default. If any such default is not cured within that time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to Franchisee effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require. Except as provided in Sections 29.1 and 29.2 of this Agreement, Franchisee shall be in default under this Section 29.3 for any failure to comply with any of the requirements imposed by this Agreement, the Manuals or any other written policies or requirements of Franchisor. With respect to any default by Franchisee of its obligation to pay any sums due Franchisor under this Agreement or any Related Agreement or any amounts described in Section 27.1, this Agreement shall automatically terminate ten (10) days after written notice of such default; provided, however, if Franchisee cures such default by payment of all sums due Franchisor or its Affiliates or any applicable third party (including any accrued interest, penalties and late charges) prior to the end of such 10 day period to the satisfaction of Franchisor, this Agreement shall not terminate for the default set forth in the written notice.~~

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20.3 ~~29.4~~ Termination by Franchisor With Notice: 10-Day Cure. If any of the following Franchisee defaults occur, the Franchisor may terminate this Agreement by giving the Franchisee written notice stating the nature of the default 10 days prior to a specified termination date. Franchisee may avoid termination by curing the default to the Franchisor's satisfaction within the 10-day cure period. If the specified default is not timely cured, this Agreement will terminate without further notice, effective upon expiration of the 10-day period. The Franchisee defaults to which this 10-day termination provision applies are the following:

i. failure to timely pay any amounts due Franchisor under this Agreement or a Related Agreement; and

ii. failure to timely pay any amounts described in Section 18.1.

20.4 Termination by Franchisor With Notice: 30-Day Cure. If any of the following Franchisee defaults occur, the Franchisor may terminate this Agreement by giving the Franchisee written notice stating the nature of the default 30 days prior to a specified termination date. Franchisee may avoid termination by curing the default to the Franchisor's satisfaction within the 30-day cure period. If the specified default is not timely cured, this Agreement will terminate without further notice, effective upon expiration of the 30-day period. The Franchisee defaults to which this 30-day termination provision applies are the following:

i. failure to comply with any provision of this Agreement other than the provisions allowing the Franchisor to terminate this Agreement immediately or with a 10-day cure period, as set forth in Sections 20.1, 20.2, and 20.3; and

ii. failure to comply with any requirements in the Manuals or any mandatory standards, specifications, or operating procedure prescribed by the Franchisor, including but not limited to a requirement to implement new menu items.

20.5 Compliance with Applicable Law Regarding Notice Provisions.

If any provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation or non-renewal other than in accordance with applicable law, those particular provisions shall not be followed to the extent they are not in accordance with applicable law. The Franchisor shall in that case comply with applicable law governing the notice period or grounds for termination, cancellation, or non-renewal.

~~17.3~~20.6 Termination by Franchisee on Notice with Opportunity to Cure. If Franchisee is in compliance with this Agreement and Franchisor breaches this Agreement in any material respect and fails to cure such material breach within ninety (90) days after written notice thereof is delivered to Franchisor, Franchisee may terminate this Agreement effective ten (10) days after delivery to Franchisor of notice thereof. Notwithstanding the foregoing, if the breach is curable but is of a nature which cannot reasonably be cured within such ninety (90) day period and Franchisor has commenced and is continuing to make good faith efforts to cure such breach, Franchisor shall be given an additional thirty (30) day period to cure the same, and this Agreement shall not terminate. In the event of termination by Franchisee, all post-termination

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obligations of Franchisee described herein shall not be waived but shall be strictly adhered to by Franchisee.

~~ARTICLE 30.~~
~~ARTICLE 18.~~ ARTICLE 21.
EFFECT OF AND OBLIGATIONS UPON TERMINATION OR EXPIRATION.

~~18.1~~ 21.1 ~~30.1~~ Obligations Upon Termination. Upon expiration or termination of this Agreement, regardless of which party terminates this Agreement, all rights and licenses granted hereunder to Franchisee shall forthwith terminate and be of no further force and effect, and:

a. ~~a.~~ Cessation of Franchised Business and Disassociation. Franchisee shall immediately cease to operate the Franchise and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor.

b. ~~b. Marks, Information and Materials. Franchisee shall immediately and permanently cease to use, by advertising or in any other manner whatsoever, any Confidential Information and Trade Secrets, including, without limitation, confidential methods, procedures, and techniques associated with the System and the Marks. Any license to use the System and the Marks shall immediately terminate and Franchisor has the right to immediately terminate Franchisee's access to the~~ Discontinue Use of the Marks. Franchisee shall immediately and permanently cease to use all Marks. ~~POS System.~~ In particular, without limitation, Franchisee shall cease to use all signs, equipment, advertising materials, stationery, forms, and any other articles which display the Marks; ~~provided, however, that this Section 30.1.b. shall not apply to the operation by Franchisee of another ATLANTA BREAD COMPANY Bakery/Cafe under the System, pursuant to another agreement between Franchisor and Franchisee which is then in effect. Franchisee shall take all necessary steps to assign, transfer or surrender to Franchisor or otherwise place in Franchisor or its designee title to all such names or marks (other than the Marks) which Franchisee may have used during the term of this Agreement in connection with the operation of its Bakery/Cafe. Franchisee shall not use any~~ reproduction, counterfeit, copy, or colorable imitation of the Marks in connection with any business or for any other use, or use any mark which is likely to cause confusion, mistake, or deception, or which is likely to dilute Franchisor's exclusive rights in and to the Marks; and further shall not utihze any designation of origin or description or representation which falsely suggests or represents a current or former association or connection with Franchisor~~.~~; provided, however, that this Section shall not apply to the operation by Franchisee of another ATLANTA BREAD COMPANY Bakery Café under the System, pursuant to another agreement between Franchisor and Franchisee which is then in effect.

c. ~~c.~~ Cancellation of Assumed Names. Franchisee shall take such action as may be necessary to cancel any assumed or fictitious name or equivalent

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registration which contains a Mark; and Franchisee shall fumish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement.

d. ~~d.~~ Surrender of Possession; Assignment; Renovation. At Franchisor's option, and within three (3) days after Franchisor gives notice to Franchisee, Franchisee shall turn over physical possession of the Bakcry/~~Cafe~~ Café to Franchisor. Franchisee expressly acknowledges and agrees that the failure by Franchisee to allow Franchisor to take possession of the Bakcry/~~Cafe~~ Café, or any attempt by Franchisee to remove inventory, furniture, fixmres or equipment from the Bakery/~~C~~afe Café, shall infringe upon the intellectual property and proprietary rights of Franchisor and shall cause immediate, irreparable, and incalculable harm and significant injury to Franchisor, damages for which may be difficult or impossible to ascertain and for which no adequate remedy at law may be available. Accordingly, Franchisee consents to the granting of equitable relief, including an injunction and specific performance in Franchisor's favor, without proof of acmal damages or posting of a bond or other security, such bond or other security hereby being waived. Franchisee shall pay on demand all court costs and reasonable attorneys' fees incurred by Franchisor or its Affiliates in obtaining such equitable relief Franchisee shall, at Franchisor's option, assign to Franchisor any right, title and interest which Franchisee has in any lease or sublease for the premises of the Franchise and any governmental licenses or permits used for the operation of the Bakery/~~C~~afe Café, and assign to Franchisor, or discontinue use of, the telephone numbers, telephone directory listings and advertisements, website URLs, and e-mail addresses for the use or operation of the Bakory/~~Cafe.~~ Café. If Franchisee fails to promptly execute and deliver such assignments to Franchisor, Franchisee hereby grants any officer of Franchisor an irrevocable power of attomey, coupled with an interest, to execute such assignments on Franchisee's behalf In the event Franchisor does not elect to exercise its option to acquire the lease or sublease for the premises of the Franchise pursuant to this Secfion ~~30.1.d.~~, Franchisee shall make such modifications or alterations to the premises operated hereunder (including changing the telephone number and changing the color scheme and/or other disfinctive design features) immediately upon termination or expiration of this Agreement as may be necessary to disfinguish the appearance of said premises from that of ATLANTA BREAD COMPANY Bakery/~~C~~afe~~s~~ Cafés under the System, and shall make such specific additional changes thereto as Franchisor may reasonably request for that purpose. In the event Franchisee fails or refuses to comply with the requirements of this Section ~~30.1.d.~~, Franchisor shall have the right to enter upon the premises where Franchisee's Franchise was conducted, or where the leased or subleased premises are being constructed or othorwise prepared to open, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required at the expense of Franchisee, which expense Franchisee agrees to pay upon demand.

e. ~~e.~~ Payment to Franchisor and Affiliates. Franchisee shall, within fifteen (15) days after the effective date of terminafion or expiration of this Agreement, pay all fees, sums and charges owing to Franchisor and its Affiliates, including interest on overdue monies as described in this Agreement. In the event of termination for any default of Franchisee, such sums shall include all damages, costs, and expenses, including reasonable attomeys' fees, incurred by Franchisor as a result of the default, which obligation shall give rise

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to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property, equipment, inventory, and tixtures owned by Franchisee and on all premises operated hereunder at the time of default.

~~f. Attorneys' Fees and Court Costs. Franchisee shall pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees and court costs, incurred by Franchisor subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Section 30.1.~~

f ~~g.~~ Retum of Franchise Information and Materials. Franchisee shall immediately tum over to Franchisor all Contidential Information, Trade Secrets, Manuals, customer lists, records, tiles, instmctions, correspondence, and all other materials related to operating the Franchise which are in Franchisee's possession, and all copies thereof (all of which are acknowledged to be Franchisor's property), excepting only Franchisee's copy of this Agreement and any correspondence between the parties, and any other documents which Franchisee reasonably needs for compliance with any provision of applicable law.

g. ~~h.~~ Purchase Option. Franchisor shall have the option, to be exercised within thirty (30) days after termination or expiration, to purchase from Franchisee any or all of the inventory, supplies or Products owned by Franchisee, at Franchisee's cost based on the most recent invoices received by Franchisee; and to purchase any or all equipment, tixtures, and signs used in the Franchise, for their depreciated value based upon a tive (5) year, straight line depreciation schedule. Franchisor shall also have the option, to be exercised within thirty (30) days after termination or expiration, to purchase the Bakery~~/Cafe~~ Café premises at fair market value if the Franchisee or any Aftiliate or Principal of Franchisee owns the Bakery~~/Cafe~~ Café premises. If the parties cannot agree on fair market value for the Bakery~~/Cafe~~ Café premises within a reasonable time, an independent appraiser shall be chosen by the parties (the cost of which shall be bome equally by the parties), and his or her determination shall be binding. If Franchisor elects to exercise any option to purchase herein provided, it shall have the right to set off any amount owed to Franchisee against all amounts due from Franchisee to Franchisor, its Affiliates, successors or assigns under this Agreement or any Related Agreement. Franchisor shall also have the right to set off the cost of the appraisal, if any, against any payment to Franchisee.

h. ~~i.~~ Maintain Records. Franchisor shall maintain all books, records and reports required pursuant to this Agreement for a period of not less than one (1) year after termination of this Agreement and allow Franchisor to make tinal inspection and audit of ~~Franchisee's~~Franchisee's books, records and reports within said one (~~1~~) year period for the purpose of verifying that all fees and other appropriate amounts have been paid as required herein.

POS System.

i. ~~j. POS System.~~ Franchisor has the right to immediately teminate Franchisee's assess to the POS System. Franchisee shall relinquish the POS System to

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Franchisor, and Franchisor shall purchase the POS System from Franchisee for its depreciated value (as of the date of expiration or termination) as determined by Franchisor in its sole discretion.

j. ~~k.~~ Reeipes and Methods of Food Preparation. Franchisee and its Affiliates and Principals will refrain from using, for commercial purposes, any of Franchisor's proprietary menu items, recipes and methods of food preparation.

k. Attorneys' Fees and Court Costs. Franchisee shall pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees and court costs, incurred by Franchisor subsequent to the temination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Section 21.1.

21.2 Survival. All covenants, obligations, and agreements of Franchisee which by their terms or by reasonable implication or by their namre are to be performed, in whole or in part, after the termination or expiration of this Agreement, including the indemnity and confidentiality obligations herein, shall survive such termination or expiration.

~~l.~~21.3 No Refunds. If this Agreement terminates during the Pre-Opening Period before Franchisee's Bakery/~~C~~afe Café opens, except as specifically provided in Section 2.~~9~~ hereof, Franchisor and its Affiliates will not be required to refund or reimburse Franchisee for any costs incurred during the Pre-Opening Period, including construction costs, build-out costs and relocation costs. In the event of expiration or termination for any other reason, Franchisor shall have no obligation to refund any amounts previously paid by Franchisee, and Franchisee shall be obligated to promptly pay all sums which are then due Franchisor and/or its Affiliates.

~~m.~~21.4 Cross-Termination upon Termination of this Agreement. In the event of the termination of this Agreement by Franchisor under Article ~~29~~20 hereof, Franchisor shall be entitled, at its option, to terminate all Related Agreements immediately on written notice to Franchisee. This means that Franchisor may, at its option, immediately terminate, upon notice and without oppormnity to cure, all other agreements between (i) Franchisor (or its Affiliates), and (ii) Franchisee, its Affiliates, any Principal, or any Entity in which Franchisee or any Principal, manager, partner or joint venture of Franchisee, directly or indirectly, has any interest of ownership or participation. Franchisee acknowledges that this provision may result in the termination of one or more other Related Agreements that relate only to the Franchised Business. Franchisee further acknowledges that this provision may result in the termination of one or more other franchise agreements for other Bakery/~~C~~afes Cafés and any agreements related to those other Bakery/~~C~~afes Cafés, regardless of location.

n.21.5 Cross-Termination upon Expiration of this Agreement. In the event of the expiration of this Agreement, Franchisor shall be entitled, at its option, to terminate all Related Agreements (as defined in Exhibit D, except that for purposes of expiration, the second sentence of the definition shall not apply) immediately on written notice (without opportunity to cure) to

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Franchisee.

~~ARTICLE 31.~~
~~ARTICLE 19.~~ARTICLE 22.
ADDITIONAL REMEDIES

22.1 ~~31.1~~ Injunctive Relief

a. Nothing in this Agreement shall bar ~~Franchisor's~~Franchisor's right to seek specific performance of the provisions of this Agreement and injunctive relief against threatened conduct that will cause it loss or damages under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. Franchisee agrees that Franchisor may obtain such injunctive relief in addition to such further or other relief as may be available at equity or law. Franchisee agrees that Franchisor will not be required to post a bond to obtain any injunctive relief and that ~~Franchisee's~~Franchisee's only remedy if an injunction is entered against Franchisee will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by reason of the wrongful issuance of such injunction being expressly waived hereby).

b. ~~31.2~~ If the Franchisee or any of its Affiliates or Principals breaches any provisions of this Agreement regarding the Marks, Confidential Information or Trade Secrets, or the System/Franchisee Protection Provisions, or engages in other conduct that could materially damage the goodwill associated with the Marks, ATLANTA BREAD COMPANY Bakery/Cafés, or the System, or violates the terms of Section 21.1a, b, c, d, f, g, or j, the Franchisee and its Principals agree that the Franchisor will have no adequate remedy at law. Therefore, the Franchisee and its Principals expressly agree that, in addition to all other available remedies, the Franchisor will be entitled to commence a legal action and obtain an injunction or other form of equitable relief or specific performance (including a preliminary injunction or temporary restraining order) to prevent or eliminate the occurrence or continuation of any actual or threatened breach, default, violation, or conduct.

22.2 Trademark Infringement Damages. If Franchisee fails to comply with a written notice of termination sent by Franchisor and a court later upholds such termination of this Agreement, Franchisee's operation of the Bakery Café, from and after the date of termination stated in such notice, shall constitute willful trademark infringement and unfair competition by Franchisee, and Franchisee shall be liable to Franchisor for damages resulting from such infringement in addition to any fees paid or payable hereunder, including, without limitation, any profits which Franchisee derived from such post-termination operation of the Bakery/Café, which damages may be trebled under federal trademark law.

22.3 Attorneys' Fees and Costs. In the event that any party to this Agreement initiates any legal proceeding to construe or enforce any of the terms, conditions and/or provisions of this Agreement, including, but not limited to, its termination provisions and its provisions requiring Franchisee to make certain payments to Franchisor incident to the operation of Franchisee's

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Bakery Café, or to obtain damages or other relief to which any such party may be entitled by virtue of this Agreement, the prevailing party or parties shall be paid its reasonable attorneys' fees and expenses by the other party or parties, whether incurred before or at trial, on appeal, during any bankruptcy or insolvency proceedings, during any post-judgment collection proceedings, or otherwise.

~~19.2~~22.4 Step-In Rights. In order to prevent interruption in the operation of the Franchise, Franchisee authorizes Franchisor to operate the Franchise for so long as Franchisor deems necessary and practical and without waiver of any other rights or remedies Franchisor may have under this Agreement or otherwise if, in Franchisor's sole judgment, Franchisor deems Franchisee incapable of operating the Franchise because (i) Franchisee or its operating manager is absent or incapacitated by reason of illness or death; (ii) Franchisee has failed to pay when due all taxes and assessments required to be paid by Franchisee; (iii) Franchisee has failed to pay amounts owed when due and/or remove any and all liens or encumbrances of any kind placed upon or against Franchisee's business property; (iv) Franchisee has lost or had suspended its license or permit to operate the Franchise; or (v) Franchisor determines that there are operational problems that could imperil the Franchise or its assets, such as failure to make necessary repairs, shortages of cash necessary to operate the business or interruption in banking relationships necessary to effectively operate the business. Franchisor shall keep in a separate account for the benefit of Franchisee all monies generated by the operation of the Franchise less the expenses of the Franchise, including reasonable attorneys' fees and reasonable compensation and expenses for Franchisor's representatives. If Franchisor temporarily operates the Franchise, Franchisee shall indemnify and hold harmless Franchisor and Franchisor's representatives for any and all claims, demands, actions, liabilities, damages, and losses occurring during the course of the temporary operation. Franchisor shall not, by exercising its step-in rights in this Agreement, assume any of Franchisee's liabilities. Franchisee shall pay Franchisor a per diem fee of not less than One Hundred Twenty Five Dollars ($125.00) per day (or part of a day) per person, plus all travel expenses, room and board and other expenses reasonably incurred by the representative(s), plus Franchisor's reasonable attorneys' fees and any other costs incurred as a consequence of Franchisor's exercise of its step-in rights. Franchisor is in no way obligated to exercise these step-in rights.

~~ARTICLE 32.~~
~~ARTICLE 20.~~ARTICLE 23.
APPLICABLE LAW

~~20.1~~23.1 ~~32.1~~ Governing Law. This Agreement has been entered into and shall be governed by, and construed, interpreted and enforced in accordance with the laws of the State of Georgia, which laws shall prevail in the event of any conflict of law; provided, however, that if any provision of this Agreement would not be enforceable under the laws of Georgia, and if the Franchise is located outside of Georgia, and further, if such provision would be enforceable under the laws of the state in which the Franchise is located, then such provision shall be interpreted and construed under the laws of that state. Nothing in this choice of law provision is intended to make applicable any state franchise law that would otherwise not be applicable.

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~~20.~~23.2 ~~32.2~~ Claims ~~P~~period. ~~A~~any and all claims and actions arising out of or relating to this Agreement, the relationship between Franchisee and Franchisor, or the operation of the ~~F~~franchise and Franchisee's ~~Bakery/Cafe~~ Café brought by any party to this Agreement against another party to this ~~A~~agreement, shall be commenced within the earlier of one (1) year from the discovery of the facts giving rise to such claim or action, or the expiration of such earlier limitations period as may be prescribed by applicable law, or such claim or action shall be barred; provided, however, that this time limitation shall not apply to unperformed financial obligations of Franchisee to Franchisor or indemnity obligations relating to third party claims of creditors or claimants against the ~~Franchise.~~ Franchisee.

~~20.~~23.3 ~~32.3~~ Fomm Selection; Venue. The parties agree that any action brought by Franchisee or any person or Entity claiming through Franchisee against Franchisor or its ~~A~~affiliates in any court, whether federal or state, shall be brought and completed only within the State of Georgia in the judicial district in which Franchisor has its principal place of business; and the parties expressly waive all objections to personal jurisdiction or venue or that the forum is inconvenient for the purpose of carrying out this provision. The parties also agree that Franchisor may bring any action against Franchisee in any court, whether federal or state, within or outside of the State of Georgia. If Franchisor brings an action against ~~F~~franchisee in any state or federal court located within the State of Georgia in the judicial district in which Franchisor has its principal place of business, Franchisee accepts generally and unconditionally the *in personam* jurisdiction and venue of the aforesaid courts and waives any defense of *forum non conveniens*.

~~32.4 Waiver of Jury Trial and Punitive Damages. Franchisor and Franchisee agree that in any litigation, suit, action, counterclaim, crossclaim or proceeding, whether at law or in equity, which arises out of, concerns, or relates to this Agreement or any Related Agreement, or any and all transactions contemplated hereunder or thereunder, the performance of this Agreement or any Related Agreement, or the relationship between the parties or otherwise, trial shall be by a court of competent jurisdiction and not by a jury. Franchisor and Franchisee hereby irrevocably waive any right either party may have to a trial by jury. Either Franchisor or Franchisee may file an original counterpart or a copy of this Agreement with any court as written evidence of the consent of Franchisor and Franchisee to the waiver of their right to trial by jury. Except for actions for trademark, trade dress or trade name infringement or other infringement or misappropriation of Franchisor's proprietary rights to any trademark, trade dress, patent, copyright, trade secret or other proprietary information, Franchisor and Franchisee hereby waive, to the fullest extent permitted by law, any right to or claim for multiple, punitive or exemplary damages against the other and agree that in the event of any action between them, no party shall seek multiple, punitive or exemplary damages with respect to any claim or cause of action against the other party, whether in arbitration, mediation or litigation.~~

~~ARTICLE 33.~~

23.4 Waiver of Certain Damages. Except for Franchisee's obligations to indemnify Franchisor under this Agreement and claims Franchisor may bring against Franchisee for unauthorized use of the Marks, for unauthorized use or disclosure of any Confidential Information or Trade Secrets, or for breach of non-competition covenants, THE FRANCHISOR, THE

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FRANCHISEE, THE GUARANTORS, AND THE FRANCHISEE'S PRINCIPALS EACH WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR PUNITIVE, EXEMPLARY, CONSEQUENTIAL, MULTIPLE, OR INCIDENTAL DAMAGES, whether asserted as a related or independent tort, as a breach of contract, or as any other claim or cause of action based on statutory or common law.

~~ARTICLE 21.~~ARTICLE 24.
FORCE MAJEURE

~~21.1~~24.1 ~~33.1~~ Definition. As used in this Agreement, the term "Force Majeure" shall mean any act of God, strike, lock-out or other industrial disturbance, war (declared or undeclared), act of terrorism, riot, epidemic, fire or other catastrophe, act of any govemment and any other similar cause not within the control of the party affected thereby.

~~21.2~~24.2 ~~33.2~~ Effect of Force Majeure Event. If the performance of any obligation by any party under this Agreement is prevented, hindered or delayed by reason of Force Majeure, which cannot be overcome by use of normal commercial measures, the parties shall be relieved of their respective obligations to the extent the parties are respectively necessarily prevented, hindered or delayed in such performance during the period of such Force Majeure. The party whose performance is affected by an event of Force Majeure shall give prompt notice of such Force Majeure event to the other party by telephone or telegram (in each case to be confirmed in writing), setting forth the nature thereof and an estimate as to its duration, and shall be liable for failure to give such timely notice only to the extent of damage actually caused.

~~21.3~~24.3 ~~33.3~~ Relocation. Notwithstanding the provisions of this Article ~~33~~24, if, as a result of an event of Force Majeure (including condemnation proceedings), the Franchisee ceases to operate its Bakcry~~/Cafe~~ Café or loses the right to possession of the Bakery~~/Cafe~~ Café premises, Franchisee shall apply within thirty (30) days after the event of Force Majeure for ~~Franchisor's~~Franchisor's approval to relocate and/or reconstmct the Bakery~~/Cafe.~~ Café. If relocation is necessary, Franchisor agrees to use its reasonable efforts to assist Franchisee in locating an altemative site in the same general area where Franchisee can operate a Bakery~~/Cafe~~ Café within the System for the balance of the term of this Agreement. If Franchisor so assists Franchisee, Franchisee shall reimburse Franchisor for its reasonable out-of-pocket expenses incurred as a resuh thereof, and this provision shall not be constmed to prevent Franchisee from receiving the full amount of any condemnation award of damages relating to the closing of the Bakcry~~/Cafe~~ Café; provided, however, that if Franchisor or its Affiliate is the lessor of the Bakery~~/Cafe~~ Café premises, Franchisee specifically waives and releases any claim it may have for the value of any building, fixtures and other improvements on the premises, whether or not installed or paid for by the Franchisee, and Franchisee agrees to subordinate any claim it may have to ~~Franchisor's~~Franchisor's claim for such improvements. Selection of an altemative location will be subject to the site approval procedures set forth in Secfion 1.4 of this Agreement. Once Franchisee has obtained ~~Franchisor's~~Franchisor's approval to relocate and/or reconstmct the

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Bakery/~~Cafe~~ Café, Franchisee must diligently pursue relocation and/or reconstruction until the Bakery/~~Cafe~~ Café is reopened for business.

~~ARTICLE 34.~~
~~ARTICLE 22.~~ARTICLE ~~25.~~
APPROVALS AND WAIVERS

~~22.1~~25.1 ~~34.1~~ Approval. Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor therefor; and such approval or consent shall be obtained in writing. Except where this Agreement expressly obligates Franchisor not to unreasonably withhold its approval or consent to any of Franchisee's actions or requests, Franchisor has the absolute right, in its sole and arbitrary discretion, to refuse any request Franchisee makes or to withhold its approval of any of Franchisee's proposed or effected actions that require Franchisor's approval.

~~22.2~~25.2 ~~34.2~~ No Warranty or Assumption of Liability. Franchisor makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee, by providing any waiver, approval, consent, or suggestion to Franchisee in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor.

~~22.3~~25.3 ~~34.3~~ Waiver. No delay, waiver, omission, or forbearance on the part of Franchisor to exercise any right, option, duty, or power arising out of any breach or default by Franchisee, or by any other franchisee, of any of the terms, provisions, or covenants hereof, shall constitute a waiver by Franchisor to enforce any such right, option, or power against Franchisee, or any other right, option, or power of Franchisor, or as to subsequent breach or default by Franchisee. Subsequent acceptance by Franchisor of any payments due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants, or conditions of this Agreement.

~~22.4~~25.4 ~~34.4~~ Subordination. Franchisor will not enter into or execute any agreement subordinating any security interest it may have in the equipment, tixtures, furniture, machinery, Products, supplies, or other personal property in any ATLANTA BREAD COMPANY Bakery/~~Cafe.~~ Café. Franchisor will not release or waive any liens, security interests, claims, demands or other rights that it may have in such personal property.

~~ARTICLE 35.~~
~~ARTICLE 23.~~ARTICLE 26.
SEVERABILITY AND CONSTRUCTION

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~~23.1~~26.1 ~~35.1~~ Severability. Except as expressly provided to the contrary herein, each section, part, term, and/or provision of this Agreement shall be considered severable; and if, for any reason, any section, part, term, and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any effect upon, such other sections, parts, terms, and/or provisions of this Agreement as may remain otherwise intelligible; and, the latter shall continue to be given full force and effect and bind the parties hereto; and said invalid sections, parts, terms, and/or provisions shall be deemed not to be a part of this Agreement; provided, however, that if Franchisor determines that such finding of invalidity or illegality adversely affects the basic consideration of this Agreement, Franchisor may, at its option, terminate this Agreement. If any clause or provision herein would be deemed invalid or unenforceable as written, it shall be deemed modified or limited to such extent or in such manner as may be necessary to render the clause or provision valid and enforceable to the greatest extent possible in light of the interest of the parties expressed in that clause or provision, subject to the provisions of the preceding sentence.

~~23.2~~26.2 ~~35.2~~ No Third Party Beneficiaries. Notwithstanding anything to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisor and Franchisee and such of their respective successors and assigns as may be contemplated by Articles 12 through and including Article ~~24~~15 hereof any rights or remedies under or by reason of this Agreement.

~~23.3~~26.3 ~~35.3~~ Maximum Enforceability. Franchisee expressly agrees to be bound by any promise or covenants imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

~~23.4~~26.4 ~~35.4~~ Captions. All captions and headings in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof

~~23.5~~26.5 ~~35.5~~ Construction. All references herein to the masculine, neuter, or singular shall be construed to include the masculine, feminine, neuter, or plural, where applicable, and all acknowledgments, promises, covenants, agreements, and obligations herein made or undertaken by Franchisee shall be deemed jointly and severally undertaken by each of the persons named as Franchisee, if more than one person is so named. The words "include," "includes" and "including" when used in this Agreement will be interpreted as if they were followed by the words "without limitation." References to section numbers and attachments will refer to sections of and attachments to this Agreement, as applicable, unless the context indicates otherwise.

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~~ARTICLE 36.~~
~~ARTICLE 24.~~ARTICLE 27.
MISCELLANEOUS

~~24.1~~27.1 ~~36.1~~ Notices~~.~~. Any and all notices required or permitted under this Agreement shall be in writing and shall be detivered by (i) personal dehvery; (ii) by U.S. certitied or registered mail, postage prepaid, retum receipt requested; or (iii) by reputable express mail or courier service, to the respective parties at the addresses set forth below, unless and until a different address has been designated by written notice to the other party. Any such notice shall be deemed to have been given upon the earlier of (i) receipt (or receipt refused), or (ii) in the case of notice sent by U.S. certified or registered mail, three (3) days after mailing, excluding Sundays and national holidays, regardless of whether Franchisee refuses service or is no longer at the address for notice.

Notice as to the FRANCHISOR:

ATLANTA BREAD COMPANY INTERNATIONAL, INC.
~~1955 Lake Park Drive~~1200 Wilson Way, Suite 400100
Smyma, GA ~~3008~~30082
~~———~~Attn: Legal ~~D~~department

Notice as to the FRANCHISEE:

_____
_____
_____
_____
_____
_____

~~16.2~~

_____
_____
_____

~~24.2~~27.2 Entire Agreement; Binding Effect. This Agreement, the Selected Term Summary and the other documents referred to herein, and the Exhibits hereto, consiimte the entire, full, and complete Agreement between the parties conceming the subject matter hereof, and supersede any and all prior agreements between the parties. This Agreement may be signed in multiple counterpart copies, including by facsimile or other electronic means, each of which will be deemed an original. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors, and permitted assigns.

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~~24.3~~27.3 ~~36.3~~ Amendments. No amendment, change, or variance from this Agreement shall be binding on the parties unless mutually agreed to by the parties in writing executed by themselves or their authorized officers or agents. No purported amendment, change or variance from the printed form of this Agreement shall be binding unless initialed by all parties hereto. This Section ~~36~~27.3 shall in no way affect Franchisor's ability, in its sole discretion, to change, modify and supplement the System, Marks and Manuals as provided in this Agreement.

~~24.4~~27.4 ~~36.4~~ Cumulafive Remedies. No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

~~24.5~~27.5 ~~36.5~~ Blocked Persons or Entities~~.~~. Franchisee represents and warrants to Franchisor that, to its actual and eonstructive knowledge: (i) neither Franchisee (including, for purposes of this section, its Principals, directors and officers), nor any of its Affiliates, funding sources or guarantors, is identified on the list of the U.S. Treasury's Office of Foreign Assets Control ("OFAC"); (ii) neither Franchisee nor any of its Affiliates or guarantors are directly or indirectly owned or controlled by the govemment of any country that is subject to an embargo imposed by the United States government; (iii) neither Franchisee nor any of its Affiliates or guarantors are acting on behalf of a govemment of, or are involved in business arrangements or other transactions with, any country that is subject to such an embargo. Franchisee agrees to notify Franchisor in writing immediately upon the occurrence of any event which would cause the foregoing representations and warranties of this Section ~~36~~27.5 to be incorrect in any respect. Notwithstanding anything to the contrary in this Agreement, Franchisee may not allow or sustain a Transfer to a Specially Designated National or Blocked Person or to an Entity in which a Specially Designated National or Blocked Person has an interest.

~~24.6~~27.6 ~~36.6~~ Disclaimers by Franchisor~~.~~.

a. ~~(a)~~ In executing this Agreement, accepting any proposed site, approving a location or giving advice or providing services or assistance in comection with locating a site under this Agreement, Franchisor does not guarantee the suitability of an Accepted Location or the success of any Bakery~~/Cafe~~ Café established at such site. Franchisor expressly disclaims any warranties, express or implied, with respect to the suitability of any site or the success of any Bakery~~/Cafe~~. Café. Furthermore, Franchisor expressly disclaims the making of any warranty or guarantee, express or implied, as to the potential volume, profits, or success of the business venture contemplated by this Agreement.

b. ~~(b)~~ FRANCHISOR MAKES NO EXPRESS WARRANTIES AND EXPRESSLY EXCLUDES AND DISCLAIMS ALL IMPLIED WARRANTIES WITH RESPECT TO ALL PRODUCTS, SUPPLIES, SERVICES, FIXTURES AND EQUIPMENT FRANCHISOR OFFERS, SELLS OR REQUIRES FOR FRANCHISEE'S FRANCHISE,

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INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. FRANCHISEE'S EXCLUSIVE REMEDY AND FRANCHISOR'S EXCLUSIVE LIABILITY FOR ALL CLAIMS AS TO ANY PRODUCTS, SUPPLIES, SERVICES, FIXTURES AND EQUIPMENT IS LIMITED TO THE PURCHASE PRICE THEREFOR, PLUS SHIPPING COSTS, IF ANY, FRANCHISEE PAID; OR, AT FRANCHISOR'S OPTION, THE REPLACEMENT THEREOF. FRANCHISOR WILL NOT BE LIABLE UNDER ANY CIRCUMSTANCES FOR SPECIAL, INCIDENTAL, INDIRECT, CONSEQUENTIAL, MULTIPLIED, EXEMPLARY, OR PUNITIVE DAMAGES, WHETHER OR NOT CAUSED BY OR RESULTING FROM FRANCHISOR'S NEGLIGENCE.

~~ARTICLE 37.~~
~~A~~RTICLE ~~25.~~ARTICLE 28.
ACKNOWLEDGMENTS BY FRANCHISEE

———Franchisee hereby acknowledges the following:

————————(a) FRANCHISEE HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE FRANCHISE AND UNDERSTANDS THAT THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES BUSINESS RISKS AND THAT THE SUCCESS OF THE VENTURE WILL BE LARGELY DEPENDENT UPON THE BUSINESS ABILITIES OF FRANCHISEE AND ITS EFFORTS AS AN INDEPENDENT BUSINESS OPERATOR.

_____

_____

_____ _____
Initials

————————(b) FRANCHISEE AGREES THAT NO CLAIMS OF SUCCESS OR FAILURE HAVE BEEN MADE TO IT PRIOR TO SIGNING THIS AGREEMENT AND THAT IT HAS NOT RECEIVED OR RELIED UPON ANY STATEMENT OR PROMISE, EXPRESS OR IMPLIED, REGARDING THE ACTUAL, AVERAGE OR PROJECTED PROFITS OR EARNINGS, THE LIKELIHOOD OF SUCCESS, THE AMOUNT OF MONEY THAT FRANCHISEE MAY EARN, OR THE TOTAL AMOUNT OF REVENUE THAT AN ATLANTA BREAD COMPANY BAKERY/~~C~~AF~~E~~ CAFÉ WILL GENERATE, THAT IS NOT CONTAINED IN THE FRANCHISE DISCLOSURE DOCUMENT OR THAT IS CONTRARY TO, OR DIFFERENT THAN, THE INFORMATION CONTAINED IN THE FRANCHISE DISCLOSURE DOCUMENT. THIS AGREEMENT CONTAINS ALL ORAL AND WRITTEN AGREEMENTS, REPRESENTATIONS, WARRANTIES, AND ARRANGEMENTS BETWEEN THE PARTIES HERETO, AND ANY RIGHTS WHICH THE RESPECTIVE PARTIES HERETO MAY HAVE HAD UNDER ANY OTHER PREVIOUS CONTRACTS

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ARE HEREBY CANCELED AND TERMINATED, AND NO REPRESENTATIONS OR WARRANTIES ARE MADE OR IMPLIED, EXCEPT AS SPECIFICALLY SET FORTH HEREIN.

_____

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Initials

_____(c) FRANCHISEE HAS NO KNOWLEDGE OF ANY REPRESENTATIONS BY FRANCHISOR OR ITS OFFICERS, DIRECTORS, SHAREHOLDERS, EMPLOYEES, AGENTS OR SERVANTS ABOUT THE BUSINESS CONTEMPLATED BY THIS AGREEMENT THAT ARE CONTRARY TO THE TERMS OF THE FRANCHISE DISCLOSURE DOCUMENT, THIS AGREEMENT OR THE DOCUMENTS INCORPORATED HEREIN. FRANCHISEE REPRESENTS THAT IT HAS MADE NO MISREPRESENTATIONS IN OBTAINING THIS AGREEMENT.

_____

_____

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Initials

_____(d) FRANCHISEE ACCEPTS FULL RESPONSIBILITY AND OBLIGATION FOR SELECTION OF A SITE FOR THE FRANCHISE, ACKNOWLEDGES THAT IT IS MAKING AN INDEPENDENT INFORMED BUSINESS DECISION REGARDING A PROPOSED SITE OR ACCEPTED LOCATION AND THAT IT HAS NOT RELIED UPON ANY REPRESENTATION OR INFORMATION FROM OR SUPERIOR KNOWLEDGE OF FRANCHISOR OR FRANCHISOR'S AFFILIATES REGARDING THE SUCCESS OF A PROPOSED SITE OR ACCEPTED LOCATION. FRANCHISEE ACKNOWLEDGES THAT FRANCHISOR'S APPROVAL OR ACCEPTANCE OF FRANCHISEE'S LOCATION DOES NOT CONSTITUTE RECOMMENDATION OR ENDORSEMENT OF THE LOCATION, NOR THAT THE SIZE OF THE MARKET IN WHICH THE FACILITY IS LOCATED IS ADEQUATE TO SUPPORT THE FRANCHISE OR WILL NOT SUBSEQUENTLY BECOME SATURATED, NOR ANY ASSURANCE BY FRANCHISOR THAT THE OPERATION OF ANY SITE WILL BE SUCCESSFUL OR PROFITABLE. FRANCHISEE UNDERSTANDS THAT THE SUITABILITY OF A SITE AND THE SUCCESS OF ANY BAKERY/CAFE DEPEND ON MANY FACTORS, SOME OF WHICH ARE OUTSIDE THE CONTROL OF EITHER FRANCHISOR OR FRANCHISEE (SUCH AS COMPETITION, INTEREST RATES, UNEMPLOYMENT RATES, WORKFORCE AVAILABILITY, DEMOGRAPHIC TRENDS, AND THE GENERAL ECONOMIC CLIMATE), BUT MANY OF WHICH DEPEND ON A PARTICULAR FRANCHISEE'S EFFORTS AND BUSINESS ACUMEN IN OPERATING AND MARKETING THE BAKERY/CAFE CAFÉ.

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_____(e) FRANCHISEE ACKNOWLEDGES THAT FRANCHISOR OR ITS AGENT HAS PROVIDED FRANCHISEE WITH A FRANCHISE DISCLOSURE DOCUMENT AT LEAST FOURTEEN (14) CALENDAR DAYS BEFORE THE EXECUTION OF THIS AGREEMENT OR PAYMENT OF ANY CONSIDERATION. FRANCHISEE FURTHER ACKNOWLEDGES THAT IT HAS READ SUCH FRANCHISE DISCLOSURE DOCUMENT AND THIS AGREEMENT AND ANY ATTACHMENTS THERETO OR RELATING THERETO, AND UNDERSTANDS THEIR CONTENTS.

Initials

_____(g) FRANCHISEE ACKNOWLEDGES THAT FRANCHISOR HAS PROVIDED FRANCHISEE WITH A COPY OF THIS AGREEMENT AND ALL RELATED DOCUMENTS, FULLY COMPLETED, AT LEAST SEVEN (7) CALENDAR DAYS PRIOR TO THE FRANCHISEE SIGNING THIS AGREEMENT.

Initials

_____(h) FRANCHISEE ACKNOWLEDGES THAT IT HAS HAD AMPLE OPPORTUNITY TO CONSULT WITH ITS OWN ATTORNEYS, CONSULTANTS, ACCOUNTANTS, AND OTHER ADVISORS AND THAT THE ATTORNEYS FOR FRANCHISOR HAVE NOT ADVISED OR REPRESENTED FRANCHISEE WITH RESPECT TO THIS AGREEMENT OR THE RELATIONSHIP THEREBY CREATED. FRANCHISEE ACKNOWLEDGES THAT FRANCHISOR HAS ENCOURAGED FRANCHISEE TO SEEK LEGAL ADVICE, INCLUDING LEGAL ADVICE IN REVIEWING AND CONSIDERING THE FRANCHISE DISCLOSURE DOCUMENT AND RELATED AGREEMENTS, INCLUDING THIS AGREEMENT.

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_____(i) FRANCHISEE, TOGETHER WITH ITS ADVISORS, HAS SUFFICIENT KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS TO MAKE AN INFORMED INVESTMENT DECISION WITH RESPECT TO THE FRANCHISE.

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_____(j) FRANCHISEE IS AWARE OF THE FACT THAT OTHER PRESENT OR FUTURE FRANCHISEES OF FRANCHISOR MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENTS, AND CONSEQUENTLY, THAT FRANCHISOR'S OBLIGATIONS AND RIGHTS WITH RESPECT TO ITS VARIOUS FRANCHISEES MAY DIFFER MATERIALLY IN CERTAIN CIRCUMSTANCES.

Initials

_____(k) FRANCHISEE ACKNOWLEDGES THAT THIS INSTRUMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN FRANCHISOR AND FRANCHISEE, AND THAT THIS AGREEMENT TERMINATES AND SUPERSEDES ANY PRIOR AGREEMENT BETWEEN THE PARTIES CONCERNING THE SAME SUBJECT MATTER. TO THE FULLEST EXTENT ALLOWED BY APPLICABLE LAW, FRANCHISEE WAIVES THE RULE THAT WOULD CONSTRUE AMBIGUOUS LANGUAGE AGAINST FRANCHISOR AS THE DRAFTER OF THIS AGREEMENT.

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IN WITNESS WHEREOF, Franchisor and Franchisee have entered into this Agreement as of the date first above written.

FRANCHISOR:	FRANCHISEE:
ATLANTA BREAD COMPANY INTERNATIONAL, INC.	
By:	By:
Title:	Title:
Name:	Name:
Date:	Date:
Witness	Witness
	By:
	Title:
	Name:
	Date:

FRANCHISOR:	FRANCHISEE:
ATLANTA BREAD COMPANY INTERNATIONAL, INC.	
By:	By:
Title:	Title:
Name:	Name:
Date:	Date:
Witness	Witness
	By:

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Title: _____

Name: _____

Date: _____

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EXHIBIT A

ACCEPTED LOCATION ADDENDUM

This Addendum is made this ___ day of _____, 20__, by and between Atlanta Bread Company International, Inc. (the "Franchisor") and (the "Franchisee").

WHEREAS, Franchisor and Franchisee desire to amend the Franchise Agreement dated _____, _____, 20___ (the "Franchise Agreement") between Franchisor and Franchisee for an Atlanta Bread Company franchise located at _____.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. The Selected Term Summary "BAKERY/~~CAFE~~ CAFÉ ACCEPTED LOCATION" and "EXCLUSIVE TERRITORY" sections of the Franchise Agreement are hereby replaced by the following:

ACCEPTED LOCATION: _____
_____.

EXCLUSIVE TERRITORY: _____
_____.

2. All other terms and conditions of the Franchise Agreement shall remain in full force and effect except as modified or supplemented by this Addendum.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Addendum to the Franchise Agreement on the day and year first written above.

ATTEST:

_____
ATLANTA BREAD COMPANY INTERNATIONAL, INC.
FRANCHISOR

_____
~~FRANCHISOR~~

By:_____
Print Name:_____

By:_____
Print Name:_____

WITNESS:

_____
FRANCHISEE

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By: _____
Print Name:_____

By:_____
Print Name:_____

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EXHIBIT B

CONFIDENTIALITY AGREEMENT

In consideration of his or her employment with _____ (the "Employer"), a FRANCHISEE of Atlanta Bread Company International, Inc. ("ABCI") operating an ATLANTA BREAD COMPANY Bakery/Cafe Café, the undersigned employee (the "Employee") agrees as follows:

1. For purposes of this Agreement, the following terms shall have the following meanings:

"Confidential Information" means items data or information which are is either: (a1) marked "Confidential" or with some similar designation; or (b) proprietery or confidential data, documents, materials or information, excluding "Trade Secrets" (2) related to ABCI's or Employer's business, disclosed to Employee as defined below), a consequence of his or her employment, which is valuable to ABCI or its affiliates or subsidiaries or affiliates or to Employer, and the details of which are not generally known to the competitors of ABCI or Employer. In addition, Employee shall treat as Confidential Information the portion of the Manuals that are not includes, but is not limited to, Trade Secrets.

"Trade Secrets.

"ManualsSecret" means all of the confidential operations manuals data or information of ABCI or its aftiliates or subsidiaries or affiliates, which may consist of printed manuals, computerized documents or software, information provided on the Internet or an Extranet, audiotapes, videotapes, written directives or memoranda, or any other medium adopted periodically and designated as part of the Manuals, including ABCI's Operations Manual and any other manuals that ABCI or its subsidiaries or affiliates may develop or prescribe from time to time for use in Employer's Bakery/Cafe business, which may consist of more than one volume, as the same may be changed, modified, revised and supplemented from time to time.

"Trade Secrets" means information of ABCI or its affiliates or subsidiaries or of Employer, without regard to form, including, but not limited to, technical or nontechnical non-technical data, a formula, a pattern, a compilation, a program, a device, a method, a technique, a drawing, a process, financial data, financial plans, product plans, or a list of actual or potential customers or suppliers which, that: (1) is not commonly known by or available to the public and which information: (a; (2) derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (b3) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

"Manuals" means all of the manuals developed by ABCI that contain mandatory and/or suggested standards, specifications and procedures prescribed from time to time for the design, development, and operation of an ATLANTA BREAD COMPANY Bakery Café, which may consist of printed manuals, computerized documents or software, information provided on the Internet or an Extranet, audiotapes, videotapes, written directives or memoranda, or any other medium ABCI adopts periodically for use with the System and designates as part of the Manuals, including ABCI's Operations Manual and any other manuals that ABCI or its subsidiaries or

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affiliates may develop or prescribe from time to time for use in Employer's Bakery Cafe business, which may consist of more than one volume, as the same may be changed, modified, revised and supplemented from time to time.

Confidential Information and/or Trade Secrets include, without limitation, the following:

1. the Manuals;

2. non-public aspects of methods, techniques, specifications, procedures, information, systems, knowledge and experience involved in the she selection, development, design, construction, layout, licensing, and operation of ATLANTA BREAD COMPANY Bakery Cafés, whether contained in the Manuals, training materials or otherwise;

3. recipes, menu analyses, and non-public methods, procedures, and techniques for preparing products offered in ATLANTA BREAD COMPANY Bakery Cafés;

4. test programs, concepts, and results relating to the planning, development, analysis, selection and testing of components of the ATLANTA BREAD COMPANY system of operating Bakery Cafés and of products offered in ATLANTA BREAD COMPANY Bakery Cafés;

5. identities of suppliers of food, beverages, ingredients, equipment and other items required and/or used by ATLANTA BREAD COMPANY Bakery Cafés;

6. non-public aspects of marketing programs, brand characteristics, advertising strategies, and image; and

7. non-public aspects of technology, processes, business plans, business systems, contract terms, knowledge, know-how, drawings, materials, equipment, techniques, procedures for display of products, product formulae, and other data.

Confidential Information and Trade Secrets do not include data, information, processes, or techniques: (1) which have been voluntarily disclosed to the public by ABCI, except where such disclosure has been made by an employee or franchisee of ABCI without authorization from ABCI; (2) which has been independently developed and disclosed by others, other than through disclosure in violation of this Agreement or other confidentiality agreements; or (3) which has otherwise entered the public domain through lawful means.

2. During Employee's employment with Employer, Employee shall not, directly or indirectly, publish, communicate, disclose, divulge, copy, appropriate or otherwise use any of the Confidential Information or Trade Secrets to or for the benefit of Employee or any other person or entity, except as required to carry out Employee's duties and obligations in the Employer's Bakery/~~C~~afe Café business.

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~~3. During the Employee's employment with Employer, Employee shall not, directly or indirectly, publish, communicate, disclose, divulge, copy, appropriate or otherwise use any of the Trade Secrets to or for the benefit of Employee or any other person or entity, except as required to carry out Employee's duties and obligations in the Employer's Bakery/Cafe business.~~

~~4. For the eighteen (18) month period following~~ 3. For so long after the ~~d~~date that Employee's employment with Employer ends ~~f~~or any reason ~~(~~including leaving voluntarily or terminafion~~);~~) that any Confidential Informafion remains confidenfial or Trade Secret remains a Trade Secret under applicable law, Employee shall not, directly or indirectly, publish, communicate, disclose, divulge, copy, appropriate or otherwise use any of thesuch Confidential Information or Trade Secrets to or for the benefit of Employee or any other person or entity.

~~5. For so long after the date that Employee's employment with Employer ends for any reason (including leaving voluntarily or termination) that any Trade Secret remains a Trade Secret under applicable law, Employee shall not, directly or indirectly, publish, communicate, disclose, divulge, copy, appropriate or otherwise use any of such Trade Secrets to or for the benefit of Employee or any other person or enfity.~~

~~6~~ 5. ~~D~~During Employee's employment with Employer, Employee hereby agrees not to borrow or remove any of the Confidential Information or Trade Secrets from the premises of the Employer's Bakery/~~C~~afe Café without the express written approval of the Employer.

~~7~~6. Employee further agrees that a breach of this Agreement would cause immediate, irreparable competitive injury and incalculable harm to Employer and ABCI. Therefore, the undersigned agrees that Employer and/or ABCI shall be entitled to equitable relief by any court of competent jurisdiction, including, without limitation, specific performance and/or an order restraining and enjoining any breach or further breach of this Agreement by Employee. Such right is in addition to and not in lieu of any and all other remedies available to Employer or ABCI at law or in equity. The undersigned expressly waives any requirement for the posting of a bond in an action for specific performance or injunction.

~~8~~7. Employee agrees to pay all of Employer's and ABCI's costs and expenses, including reasonable attorneys' fees and court costs, in enforcing their rights under this Agreement.

~~9~~8. Employee agrees that ABCI is an intended third-party beneficiary of this Agreement and that this Agreement is intended for the benefit of ABCI in addition to Employer. ABCI and/or Employer, and their respective successors and assigns, shall have the right to enforce the terms hereof.

~~10~~09. This Agreement contains the entire agreement between the parties concerning the subject matter hereof, and supersedes any and all prior agreements, written or oral, between the parties.

~~11~~10. No right or remedy conferred upon or reserved to Employer or ABCI by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

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~~12~~11. This Agreement may not be amended, changed or modified except in writing signed by ABCI and all of the parties hereto.

~~13~~12. In the event that any paragraph in this Agreement or any portion thereof is found to be unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall not be affected thereby and shall remain in full force and effect.

~~14~~13. The failure of any party to exercise any power given any party hereunder or to insist upon strict compliance by any party of its obligations hereunder shall not constitute a waiver of any ~~party's~~party's right to demand exact compliance with the terms hereof

~~15~~14. This Agreement has been entered into and shall be governed by, and construed, interpreted and enforced in accordance with the laws of the State of Georgia, which laws shall prevail in the event of any conflict of law.

[signatures appear on next page]

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The undersigned Employee understands and accepts the obligations set forth in this Agreement and agrees to be bound by them effective as of the date set forth this _____ day of_____, 2___.

_____
Employee Signature

_____
Print Name

ACCEPTED BY:

_____
Employer's Authorized Representative

_____
Print Name

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EXHIBIT C

GUARANTEE

As an inducement to Atlanta Bread Company International, inc. ("Franchisor" or "ABC") to execute that certain Franchise Agreement (as detined below) between Franchisor and _____ ("Franchisee") dated _____ covering that certain ABC Bakery/Cafe Café (the "Bakery/Gafe Café") located or to be located at _____, the undersigned, including their spouses, if any (collectively, "Guarantor"), jointly and severally, hereby agree to be individually bound by all the terms and conditions of the above-referenced Franchise Agreement, including any amendments, addendums and attachments thereto whenever made (the "Franchise Agreement") and unconditionally guarantee to Franchisor and its affiliates and their respective successors and assigns that all of Franchisee's obligations under the Franchise Agreement and other agreements between Franchisee and Franchisor or Franchisor's aftiliates ("Related Agreements") will be punctually paid and performed. The Franchise Agreement and Related Agreements are collectively referred to herein as the "Agreements."

1. Guarantor's liability under this Guarantee is a guarantee of payment and performance of the Agreements and not of collectibility. Guarantor's liability hereunder will continue until all obhgations under the Agreements have been satisfied in full and will not be limited or affected in any way by transfer of the ABC Bakery/Cafe Café or any disability of Franchisee. If all or any portion of the obligations guaranteed hereunder are paid or performed, Guarantor's obligations hereunder will continue and remain in full force and effect if all or any part of such payment or performance is avoided or recovered directly or indirectly from Franchisor as a preference, fraudulent transfer or otherwise, irrespective of any notice of revocation given by Guarantor prior to such avoidance or recovery. Upon the death of an individual Guarantor, the estate of such Guarantor will be bound by this Guarantee but only for defaults and obligations hereunder existing at the time of death, and the obligations of other Guarantors will continue in full force and effect.

2. Upon default by Franchisee under the Agreements and notice of such default from Franchisor to Guarantor, Guarantor will immediately make each payment and perform each obligation required of Franchisee under the Agreements, without any requirement that Franchisor tirst send a notice of default to Franchisee, and Guarantor hereby waives any and ail rights it may othorwise have imder statutory or common law relating to any notice requirements thereunder. Without affecting the obligations of Guarantor hereunder, Franchisor may, without notice to Guarantor, extend, modify, or release any indebtedness or obligation of Franchisee or any other guarantor, or settle, adjust, or compromise any claims against Franchisee or any other guarantor. Guarantor waives notice of amendment of the Agreements and notice of demand for payment or performance by Franchisee. Guarantor shall pay all of the costs and expenses (including attomeys' fees and court costs, whether incurred before or at trial, on appeal, or othorwise) incurred by Franchisor to enforce this Guarantee.

3. Guarantor hereby waives all other rights or benetits otherwise provided to sureties or guarantors under any state or federal law or common law, except as provided in this Guarantee. This waiver is expressly intended to waive any and all benetits and defenses under Catifomia Civil Code Sections 2819, 2845, 2849, and 2850 and any benetits or defenses available under the laws of any other state that may be deemed to be applicable to this Guarantee, including, without limitation, the right to require Franchisor to (i) obtain Guarantor's

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consent to any modification of the Franchise Agreement or any other agreement between Franchisor and any party other than Guarantor, (ii) proceed against any collateral that may be given for any of Franchisee's obligations, or (iii) pursue any other right or remedy for Guarantor's benefit, and Guarantor further agrees that Franchisor may proceed against Guarantor for the obligafions guaranteed herein without taking any action against Franchisee or any other guarantor or pledgor. Guarantor agrees that Franchisor may unqualifiedly exercise, in its sole discretion, any or all rights and remedies available to it against Franchisee or any other guarantor or pledgor without impairing Franchisor's rights and remedies in enforcing this Guarantee, under which Guarantor's liabilifies will remain independent and unconditional. Guarantor acknowledges that Franchisor's exercise of certain of such rights or remedies may affect, or eliminate Guarantor's right of subrogation or recovery against Franchisee and that Guarantor may incur a partially or totally nonreimbursable liability under this Guarantee.

4. On Franchisor's request, Guarantor will promptly deliver to Franchisor complete and current financial statements and tax returns and such other financial information about Guarantor as Franchisor may reasonably request. Guarantor further agrees to keep Franchisor fully informed on all aspects of Franchisee's financial condifion and the performance of Franchisee's obligations to Franchisor and that Franchisor has no duty to disclose to Guarantor any information pertaining to Franchisee or to notify Guarantor of Franchisee's default under the Franchise Agreement or any Related Agreement.

5. No failure or delay on Franchisor's part in exercising any power or privilege hereunder will impair any such power, right or privilege or be construed as a waiver of or an acquiescence therein. No terms or provisions of this Guarantee may be changed, waived, revoked, or amended without Franchisor's prior written consent. Should any provision of this Guarantee be determined by a court of competent jurisdiction to be unenforceable, all of the other provisions will remain effective. This Guarantee embodies the entire agreement among the parties hereto with respect to the matters set forth herein and supersedes all prior agreements among the parties with respect to the matters set forth herein.

6. Each Guarantor hereby jointly and severally holds harmless, and agrees to defend, protect, and indemnify Franchisor from any actions, causes of acfion, liabilities, damages, losses, costs, and expenses (including attorneys' fees and court costs) and all other claims of every nature which may arise as a result of any dispute between or among any of Guarantor and any other persons or entities. Franchisor may assign this Guarantee without in any way affecfing Guarantor's liability. This Guarantee will inure to the benefit of Franchisor, its affiliates and their successors and assigns and will bind Guarantor and Guarantor's heirs, executors, administrators, successors, and assigns. This Guarantee is executed in accordance with, and pursuant to, the terms of the Franchise Agreement and any default hereunder will be a default under the Franchise Agreement.

7. This Guarantee shall be govemed by and constmed in accordance with the laws of the State of Georgia, the law of which shall prevail in the event of any conflict of law. If, however, any provision of this Guarantee would not be enforceable under the laws of Georgia, and if the ABC Bakery/~~C~~afe Café is located outside of Georgia and the provision would be enforceable under the laws of the state in which the ABC Bakery/~~Cafe~~ Café is located, then the provision in question (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this section is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant," unfair competition, fiduciary or any other

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doctrine of law of the State of Georgia or any other state which would not otherwise apply absent this paragraph.

8. Guarantor agrees that any action brought by Guarantor against Franchisor in any court, whether federal or state, shall be brought only within the State of Georgia in the judicial district in which Franchisor has its principal place of business, and the parties waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision. Guarantor also agrees that the Franchisor may, in its sole discretion, bring any action against the Guarantor in any court, whether federal or state, within either a) the State of Georgia; or b) in any jurisdiction in which the Guarantor resides or owns property. If the Franchisor brings an action against Guarantor in any state or federal court located within the State of Georgia in the judicial district in which Franchisor has its principal place of business, Guarantor accepts generally and unconditionally the jurisdiction and venue of the aforesaid courts and waives any defense of fomm non conveniens.

~~9. FRANCHISOR AND GUARANTOR AGREE THAT IN ANY LITIGATION, SUIT, ACTION, COUNTERCLAIM, OR PROCEEDING, WHETHER AT LAW OR IN EQUITY, WHICH ARISES OUT OF, CONCERNS, OR RELATES TO THIS GUARANTEE, ANY AND ALL TRANSACTIONS CONTEMPLATED BY THIS GUARANTEE, THE PERFORMANCE OF THIS GUARANTEE, OR OTHERWISE, TRIAL SHALL BE TO A COURT OF COMPETENT JUPISDICTION AND NOT TO A JURY. FRANCHISOR AND GUARANTOR HEREBY IRREVOCABLY WAIVE ANY RIGHT ANY PARTY MAY HAVE TO A TRIAL BY JURY. FRANCHISOR OR GUARANTOR MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF FRANCHISOR OR GUARANTOR TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.~~

~~10~~9. ~~THE UNDERSIGNED GUARANTOR ACKNOWLEDGES THAT IT WAS AFFORDED THE OPPORTUNITY TO READ THIS DOCUMENT CAREFULLY AND TO REVIEW IT WITH AN ATTORNEY OF ITS CHOICE BEFORE SIGNING IT. GUARANTOR ACKNOWLEDGES HAVING READ AND UNDERSTOOD THE MEANING AND EFFECT OF THIS DOCUMENT BEFORE SIGNING IT.~~

[Signatures appear on next page.]

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IN WITNESS WHEREOF, each of the undersigned has signed this Guarantee as of the date of the Franchise Agreement.

GUARANTORS

By:

Printed:

Address:

By:

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Printed: _____

Address: _____

By: _____

Guarantor's Spouse

Printed:

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Address:

By:

Guarantor's Spouse

Printed:

Address:

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EXHIBIT D

DEFINITIONS

For purposes of this Agreement, the terms listed below appearing as initially capitalized terms shall have the meanings set forth below. Other terms used in this Agreement are defined and constmed in the context in which they occur.

"Accepted Location" means the Bakery/~~C~~afe Café location approved by Franchisor at the address and location set forth on the Selected Term Summary or on the Accepted Location Addendum attached to this Agreement as Exhibit A.

"Advertising Fee" shall have the meaning set forth in Article 8 of this Agreement.

"Affiliate" means any person or Entity that directly or indirectly owns or controls the referenced party, that is directly or indirecfiy owned or controlled by the referenced party, or that is under common control with the referenced party. For purposes of this definition, "control" means the power, directly or indirectly, to direct or cause the direction of the management and polices of an Entity, whether through ownership of voting securities, by contract or otherwise.

"Agreement" means the Franchise Agreement between Franchisor and Franchisee to which this Exhibit D is attached, as may be amended from time to time by the parties pursuant to the terms in the Agreement.

"ATLANTA BREAD COMPANY Bakery/~~C~~afe Café" or "Bakcry/~~C~~afe Café" means a Bakcry/~~C~~afe Café which offers the Products for sale under the Marks and the System and is operated by Franchisor or its Affiliates or pursuant to a valid license by or franchise agreement with Franchisor.

"ATLANTA BREAD COMPANY System" or "System" means the methods, techniques, standards and specifications of developing, opening, operating and promoting Bakery/~~C~~afes Cafés which sell the Products using the Marks, including a distinctive trade dress, color scheme, and interior and exterior building design and Bakery/~~C~~afe Café format; standards and specifications for design. construction, equipment, signs, fumishings, assistance, food formulas, recipes, and tra~~in~~ingmcthods of preparation of Products; operating procedures; procedures for quality control; training and ongoing opcrational assistance; advertising and promotional programs; procedures for inventory and management control; and other related benefits; all of which may be changed, improved and further developed by Franchisor from fime to time.

"Bakcry/~~C~~afe Café Opening Date" means the date Franchisee's Bakery/~~C~~afe Café first opens for business.

"Bound Party" means Franchisee's spouse, or if Franchisee is not an individual, its Principals and their respective spouses, and all Bakery/~~C~~afe Café manager(s).

"Designated Principal(s)" shall mean the person or persons identified in the Selected Term Summary of this Agreement, which person or persons is/are the Franchisee's controlling sharcholder(s), partner(s), member(s) or other equity holder(s).

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"Entity" means any corporation, limited liability company, partnership, joint venture, business trust or similar association or legal entity.

"Exclusive Territory" means the geographic area in which the Accepted Location is located designated as the "Exclusive Territory" in the Selected Term Summary, as may be amended by the Accepted Location Addendum. The Exclusive Territory shall be measured based upon a radius extending from the front door of Franchisee's Bakery/~~Cafe~~ Café (and not from any mall or strip center entrance).

"Franchise" means the Bakery/~~Cafe~~ Café operated by Franchisee at the Accepted Location using the Marks and the System pursuant to this Agreement.

"Franchise Term" shall mean the applicable term of this Agreement (either the Initial Term or the Renewal Term) as specified in the Selected Term Summary of this Agreement.

"Gross Sales" means:

a. all receipts (cash, cash equivalents or credit) or revenues from sales from all business conducted upon or from the Bakery/~~Cafe~~ Café premises, whether evidenced by check, cash, credit, charge account, exchange or otherwise, including, but not limited to, amounts received from the sale of goods, wares and merchandise (including sales of food, beverages and tangible property of every kind and nature, promotional or otherwise), and from all services performed from or at the Bakery/~~Cafe~~ Café premises. ~~G~~ross sales shall not be reduced by any deductions for cash shortages incurred in connection with the transaction of business with customers, credit card company charges or theft, which is reimbursed by insurance or is not reported to the appropriate police authorities. Each charge or sale upon installment or credit shall be treated as a sale for the full price in the week during which such charge or sale shall be first made, irrespective of the time when Franchisee shall receive payment (whether full or partial) therefore.

b. Gross Sales shall not include: (i) the sale of goods for which cash has been refunded or not received, or allowances made for goods, if the sales of any such returned or exchanged goods shall have been previously included in gross sales, (ii) the amount of any sales tax imposed by any federal, state, municipal or other governmental authority directly on sales and intended to be collected from customers, provided that the amount thereof is added to the selling price and actually paid by the Franchisee to such governmental authority, (iii) the sale of goods for which a gift certificate is redeemed, provided that the initial sale of said gift certificate shall have been previously included in gross sales, (iv) the sale of waste products of the Bakery/~~Cafe~~ Café, (v) proceeds from the sale of equipment or fixtures, and (vi) any revenues generated or earned from any pay telephones and/or newsstands located in or on the premises.

"Incapacity" means the inability of Franchisee, or, if Franchisee is an Entity, its Designated Principal, to actively participate in its activities as Franchisee hereunder for any reason for a continuous period of six months.

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"Initial Franchise Fee" shall have the meaning set forth in the Selected Term Summary of this Agreement.

"Initial Term" means the period commencing on the Bakery/~~Cafe~~ Café Opening Date and ending on the the-tenth (10^{th}) anniversary of the Bakery/~~Cafe~~ Café Opening Date, unless sooner terminated in accordance with the terms of this Agreement.

~~"Manuals" means all of Franchisor's confidential operations manuals~~"Manuals" means all of the manuals developed by Franchisor that contain mandatory and/or suggested standards, specifications and procedures prescribed from time to time for the design, development, and operation of an ATLANTA BREAD COMPANY Bakery Café and the ATLANTA BREAD COMPANY System, which may consist of printed manuals, computerized documents or software, information provided on the Internet or an Extranet, audiotapes, videotapes, written directives or memoranda, or any other medium Franchisor adopts periodically for use with the System and designates as part of the Manuals, including Franchisor's Operations Manual and any other manuals that Franchisor may develop or prescribe from time to time, which may consist of more than one volume, as the same may be changed, modified, revised and supplemented from time to time.

"Marks" mean the trademarks, trade names, service marks, logos, signs, emblems, insignia, trade dress (including, without limitation, the design of any building or premises, and the decor and trade dress of the Bakery/~~Cafe~~ Café), and other commercial symbols (including the marks "ATLANTA BREAD" and "ATLANTA BREAD COMPANY") developed and approved for use by Franchisor under the System from time to time; provided that such trademarks, trade names, service marks, logos, signs, emblems, insignia and other commercial symbols, and any trade dress, are subject to change, modification and discontinuance by Franchisor and may include additional or substitute trademarks, trade names, service marks, logos, signs, emblems, insignia and other commercial symbols, and trade dress, as provided in this Agreement.

"Media" includes any news organization, station, pubtication, show, website, weblog (blog), bulletin board, chatroom, and/or program (past, present and/or future), whether published through the means of print, radio, television, and/or the Internet or othorwise and any member, representative, agent and/or employee of the same.

"Ownership Interests" means: (a) in relation to a corporation, the ownership of shares in the corporation; (b) in relation to a limited liability company, the ownership of membership interests in the company; (c) in relation to a partnership, the ownership of a general or limited partnership interest; or (d) in relation to a tmst, the ownership of a beneficial interest in the tmst.

"POS System" means a computerized cash collection and data processing system.

"Pre-Opening Obligations" shall have the meaning set forth in Section 6.1.b.

"Pre-Opening Period" means the period commencing on the Agreement Date and ending on the earlier of (i) twelve (12) months following the Agreement Date or (ii) the Bakery/~~Cafe~~ Café Opening Date; or such longer period as may be permitted by Franchisor in its sole discretion.

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"Principals" means all persons or Entities holding a legal or beneficial ownership interest in Franchisee, directly or indirectiy, including any Entity directly or indirectly controlling Franchisee and all persons or Entities that have any other direct or indirect interest in Franchisee or Franchisee's assets. For purposes of this detinition, "control" means the power, directly or indirectly, to direct or cause the direction of the management and polices of an Entity, whether through ownership of voting securities, by contract or otherwise.

"Products" mean bakery goods, specialty breads, rolls, coffee, deli-café sandwiches, salads, soups, desserts, and other menu items made using certain specifications and ingredients, and related items, approved for sale by the Bakery/~~Cafe~~ Café by Franchisor from time to time, and not later disapproved.

-"Publicly-Held Corporation" means any corporation with a class of securities registered under the Securities and Exchange Act of 1934.

"Related Agreements" means any agreement between Franchisee and Franchisor or its Aftiliates ~~or any other party~~ entered into in connection with this Agreement or the operation of the Franchise. Notwithstanding anything in this Agreement to the contrary, for purposes of Sections 1.8.e., 11.3.j., 2920.2(x), and ~~30.l.m.~~21.4. of this Agreement, any agreement of Franchisor or its Affiliates entered into with Franchisee, its Aftiliates, any Principal, or any Entity in which Franchisee or any Principal, manager, partner or joint venture of Franchisee, directly or indirectly, has any interest of ownership or participation, regardless of location, shall be deemed to be a "Related Agreement"; this may include development agreements, or agreements related to the operation of another Bakery/~~Cafe~~ Café or other franchised business.

"Renewal Fee" means the renewal fee described in Section 1.8.d., as may be amended by the Selected Term Summary.

"Renewal Term" means the period commencing on the expiration date of the Initial Term and ending on the tenth (10^{th}) anniversary of the Initial Term expiration date, unless sooner terminated in accordance with the terms of this Agreement.

"Retained Rights" mean Franchisor's and its Aftiliates' rights:

a. to establish and operate, or grant others the right to establish and operate, an ATLANTA BREAD COMPANY Bakery/~~Cafe~~ Café at any location outside of the Exclusive Territory, regardless of the proximity of any of those locations to the Exclusive Territory or the Franchisee's Bakery/~~Cafe~~ Café, and on such terms and conditions as the Franchisor, in its sole discretion, deems appropriate;

b. To establish and operate, or grant others the right to establish and operate, any food service business or outlet that sells products or scrvices that are the same as, similar to or different than the products or sorvices constimting a part of the System, under service marks, trademarks, trade dress, logos, trade names, emblems, signs, slogans, insignia, commercial symbols, patents or copyrights other than the Marks, at any location within or outside the Exclusive Territory, regardless of the proximity of those locations to the Franchisee's Bakery/~~Cafe~~ Café;

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c. to develop, use and/or franchise anywhere (including within the Exclusive Territory) the rights to any service marks, trademarks, trade dress, logos, trade names, emblems, signs, slogans, insignia, commercial symbols, patents or copyrights not designated by Franchisor as Marks, for use with similar or different franchise systems for the sale of products or services that are similar to or different than those constituting a part of the System;

d. to market, offer, ship, distribute, sell and provide (or license or permit others to market, offer, ship, distribute, sell and provide), directly or indirectly, any products or services identified by the Marks or other trademarks, service marks, logos, emblems, or commercial symbols, including the Products, to any business, distributor, wholesaler, retailer, establishment, organization, club, outlet, individual consumer or customer located within or outside the Exclusive Territory, irrespective of the proximity to Franchisee's Bakery/~~Cafe~~ Café, through any distribution channel or method, including grocery stores, convenience stores, retail food stores, department stores, direct mail, mail order, catalog sales, kiosks, the Internet (or any other existing or future form of electronic commerce), and delivery services; provided, however, that any such sales will not be made from an ATLANTA BREAD COMPANY Bakery/~~Cafe~~ Café located in the Exclusive Territory;

e. to own, operate, franchise or license anywhere, even in close proximity to the Franchisee's Bakery/~~Cafe~~ Café licensed hereunder, food service businesses of any other type whatsoever operating under marks other than the Marks;

f. to change or modify the System, the Marks, and the Manuals at any time, and from time to time, by the addition, deletion, discontinuance or other modification thereto; and

g. to engage in any other activity, action or undertaking that Franchisor is not expressly prohibited from taking under this Agreement.

"Royalty Fees" shall have the meaning specified in the Selected Term Summary of this Agreement.

"Specially Designated National or Blocked Person" means (i) a person or entity designated by OFAC (or any successor office or agency of the U.S. government) from time to time as a "specially designated national or blocked person" or similar status, (ii) a person or entity described in Section 1 of U.S. Executive Order 13224, issued on September 23, 2001, or (iii) a person or entity otherwise identified by government or legal authority as a person with whom Franchisor or its Affiliates are prohibited from transacting business.

"Transfer" means the voluntary, involuntary, conditional, direct or indirect assignment, sale, gift or other transfer by Franchisee (or any of its Principals) of any interest in or grant of any security interest in:

(1) this Agreement;

(2) the Franchise;

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(3) the Franchisee or any entity directly or indirectly controlling Franchisee;

(4) Franchisee's Bakery/~~Cafe~~ Café; or

(5) some or all of the assets of Franchisee's Bakery/~~Cafe~~ Café (other than a sale of inventory in the ordinary course of business).

As used above, an assignment, sale or other transfer shall include the following events:

(1) the transfer of ownership of an equity interest or parmership interest;

(2) merger or consolidation or issuance of additional seeurities representing an Ownership Interest;

(3) any sale of voting shares of Franchisee in any security convertible to voting shares of Franchisee or any agreement granting the right to exercise or control the exercise of the voting rights of any holder of an Ownership Interest;

(4) transfer in divorce, insolvency, corporate or partnership dissolution proceeding, or, in the event of death of Franchisee or a Principal of Franchisee, by will, declaration of transfer in trust, or under the laws of intestate succession or otherwise by operation of law; and

(5) transfer upon the permanent disability of Franchisee or a Principal of Franchisee.

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EXHIBIT E

PERSONAL COVENANTS

Each of the undersigned ("you") agrees that:

1. All capitalized terms used but not defined in these Personal Covenants shall have the meanings set forth in the Franchise Agreement dated as of the ___ day of _____, 20__ ("Franchise Agreement") by and between Atlanta Bread Company International, Inc. ("Franchisor") and _____ ("Franchisee").

2. You are a Bound Party.

3. As an inducement to Franchisor to enter into the Franchise Agreement, and in consideration of the direct and personal benetits you will derive from the Franchise Agreement, you agree that: (i) you have read and understand all the provisions of Articles 12 through and including Articlc 2415 of the Franchise Agreement; (ii) you will be personally bound by all of the obligations and covenants of the Franchisee contained in Articles 12 through and including Article 2415 of the Franchise Agreement as if such obligations and covenants were made and given personally by you directly to Franchisor; and (iii) such obligations and covenants are fair and reasonable and will not deprive you of your livelihood.

4. If any sentence, clause, paragraph or combination of any of them in Articles 12 through and including Article 2415 of the Franchise Agreement is held by a court of competent jurisdiction to be unenforceable as applied to you, then such unenforceable sentence, clause, paragraph, or combination may be moditied by such court to the extent necessary to render it enforceable, and if it cannot be so modified, it shall be severed and the remainder of Articles 12 through and including Article 2415 shall remain in full force and effect.

5. You represent and warrant to Franchisor that: (i) you are not a Specially Designated National or Blocked Person; and (ii) you are not aeting on behalf of a govemment of, or involved in business arrangements or other transactions with, any country that is subject to an embargo imposed by the United States govemment. You agree to notify Franchisor in writing immediately upon the occurrence of any event which would render the foregoing representations and warranties of this Section 5 incorrect.

6. These Personal Covenants shall be governed by the laws of the State of Georgia, unless the law of your jurisdiction applies under Section ~~32.1 of~~23.1 of the Franchise Agreement.

7. You agree to pay the fees and expenses, including reasonable attomeys' fees and court costs, of Franchisor to enforce the terms of these Personal Covenants

[Signature Appears on Following Page]

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The undersigned hereby execute and deliver this instrument effective as of the Effective Date of the Franchise Agreement.

_____	_____
Signature	Signature
_____	_____
Print Name	Print Name
Date: _____, 20__	Date: _____, 20__

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EXHIBIT F

FRANCHISEE INFORMATION

1. Franchisee's legal organization (circle one): (a) sole proprietorship; (b) partnership; (c) corporation; (d) limited liability company; or (e) other (please specify:_____)

2. If Franchisee is not a sole proprietor, list of all its partners, members or shareholders or others holding any ownership interest in Franchisee:

	Name and Address	% Interest	Active in Operation of Business? (yes/no)
(a)			
(b)			
(c)			
(d)			

3. If Franchisee is not a sole proprietor, list of Franchisee's officers, directors, managers and/or general partners:

	Name	Title
(a)		
(b)		
(c)		
(d)		

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The undersigned certifies that all information contained in this Exhibit F is accurate and complete, and agrees to notify Franchisor promptly (and in any ease within fifteen (15) days) upon any change in the information required to be disclosed in this Exhibit F.

FRANCHISEE:

If an Individual:

Signature: _____
Print Name: _____

If other than an Individual:

_____
[Name of Entity]

By: _____
Name: _____
Title: _____

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EXHIBIT G

ADDENDUM TO LEASE

This addendum, by and between _____ (Landlord), and, _____ (Tenant), attached to the Lease dated _____, for space in the center known as, _____ do, for mutual valuable consideration and covenants agree to amend and make part of the lease document the following:

1. Assignment and Subletting: Notwithstanding anything contained in the Lease to the contrary, Landlord's consent shall not be required for any of the following transfers, (i) an assignment to a bona tide Franchisee of Atlanta Bread Company International, Inc. ("Franchisor"), provided that such Franchisee has been approved by Franchisor and shall continue to operate as an Atlanta Bread Company ~~bakery/cafe~~Bakory Café, (ii) a public offering of stock, (iii) a private offering or transfer of stock in connection with a merger, sale, consolidation, or joint venture, provided that the new entity assumes all of the obligations of the Lease applicable to Tenant, (iv) a transfer to Franchisor in the event of a sale of the business to Franchisor, Lease default or termination of the Franchise agreement. Any assignment or transfer of the Lease must tirst be approved by Franchisor, which Franchisor may withhold in its sole and absolute discretion, and by Landlord in accordance with the terms and conditions of the Lease and Addendum.

2. Franchisor's Option of Assumption: Landlord hereby grants Franchisor the right to assume all of Tenant's rights and obligations under the Lease upon the occurrence of either of the following events or under the terms and conditions set forth herein:

   (a) Upon default of Tenant under the Lease: Landlord shall concurrently send to Franchisor copies of all notices of default it sends to Tenant. If Tenant fails to cure the default within the period specitied within the Lease agreement, then Landlord shall promptly give Franchisor written notice thereof, specifying default Tenant has failed to cure, and shall offer Franchisor the option to assume Tenant's interest in the Lease (the Offer). Landlord shall attach a complete copy of the Lease and any amendments thereto to the offer, and Franchisor shall exercise the Offer, if at all, by written notice to landlord and Tenant (the Acceptance) within 15 business days after receipt of the Offer from Landlord and Franchisor shall begin the payment of rent from the date of Franchisor's opening for business until the expiration of the lease term or until further assignment of the lease to another Franchisee.

   (b) Upon Termination of the Franchisee Agreement: If, during the term of the Lease or any extensions thereof, Franchisor notifies Landlord, in writing, that Tenant's Franchise agreement with Franchisor has been terminated, then Landlord shall promptly give Franchisor written notice specifying any defaults of the Tenant

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under the Lease, and shall offer Franchisor the option to assume all of Tenant's interest in the Lease (the Offer). Landlord shall attach a complete copy of the Lease and any amendments thereto to the Offer, and Franchisor shall exercise the Offer, if at all, by written notice to Landlord within 15 business days after receipt of the Offer from Landlord. Franchisor's obligations under the lease shall begin as stated above.

3. Assignment to Franchisor: In the event Franchisor elects to assume Tenant's interest in the Lease in accordance with the terms set forth in subparagraph 2(a) or 2(b) above, Tenant shall promptly vacate the premises and Landlord shall promptly deliver possession of the same to Franchisor provided that Franchisor has executed and delivered an assignment and assumption agreement to Landlord. Tenant agrees that Landlord is not liable and shall indemnify and hold Landlord harmless in the event that Landlord transfers interest in the Lease to Franchisor in accordance with either (a) or (b) above. After Franchisor assumes Tenant's interest under the Lease, Franchisor may, at any time, assign such interest or sublet the Premises to one of it's Franchisees upon written notice to Landlord, and upon such transfer, Franchisor will have no further liability or obligation to Landlord under the Lease.

4. Amendment of Lease: Landlord and Tenant agree not to amend this Lease without the prior express written consent of Franchisor.

5. Franchisor not a Guarantor: Landlord hereby acknowledges and agrees that notwithstanding anything contained within the Lease to the contrary, that the Franchisor shall in no way be construed as a guarantor or surety of the Tenant's obligations hereunder. Notwithstanding the forgoing, in the event, the Franchisor becomes the Tenant hereunder as provided for in this Addendum, then the Franchisor shall be liable for all of the obligations to be performed or observed by the Tenant under this Lease under the terms as stated in 2(a) above.

6. Tenant's equipment: Tenant shall be the owner of its Equipment and shall be entitled to any condemnation or insurance proceeds attributable to the Equipment. Tenant shall have the right at its sole cost and expense, to make a separate claim in any such proceeding for the removal of its Equipment. The Equipment installed by Tenant shall be the property of Tenant or Franchisee and may be removed at the termination of its tenancy. The term "Equipment" shall mean all restaurant equipment, appliances, fixtures, and furnishings now or hereafter placed upon the premises, including without limitation, all refrigerators, walk-in coolers, stoves, ovens, broilers, dishwashers, sinks, microwave ovens, toasters, blenders, mixers, kitchen appliances, water chillers, signage, computers, cash registers, silverware, tableware, plates, glasses, cups, napkins, tablecloths, chairs, tables, booths, bars, stools, hoods, signs, track, swag, and specialty lighting , cabinets and other storage facilities, and any and all items related to the foregoing.

7. Landlord's representation regarding the condition of the Premises: Landlord warrants that the Premises are free from any easement, restriction, zoning, use agreement, or arrangement that will adversely affect the Tenant's use and enjoyment of the Premises. Landlord warrants and represents to Tenant that as of the Lease Commencement Date, the Premises and all Appurtenances thereto, shall be in compliance with all applicable government laws, rules and regulations pertaining to hazardous materials, zoning

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(including, without limitation, as to the use permitted hereunder), and the American Disabilities Act, and that any HVAC, electrical, plumbing, or any other systems in or serving the premises, or to be installed therein by the Landlord, shall be in good working order and that the Landlord shall remove from the Premises and any area in which Tenant's work may be performed, any hazardous materials or installation, including, without limitation, all asbestos, prior to the Lease Commencement Date.

8. Permitted use: Tenant shall be permitted to use the premises for the operation of a ~~bakery/cafe~~Bakery Cafe providing seating to the maximum amount allowed by local governmental authority having jurisdiction over the premises, but in no event less than one hundred and twenty tive (125) seats unless designed as such by Atianta Bread Company (or such other name as the company may from time to time assume), and for the preparation and sale at retail, for on and off premises consumption, premium quality breads, bagels, pastries, muffins, cookies, desserts, breakfast entrees, salads, soups, sandwiches, pizzas, pasta and other entrees, fresh and frozen yogurt, smoothies, alcoholic and non-alcoholic beverages, and related items that may from time to time be added to the menu. Additionally, for catering and delivery of the forgoing items: and for the sale at retail of ground coffee, teas, coffee beans, and items used in the home preparation and consumption of coffees and teas, and certain gourmet food, food preparation items, and licensed products that may be carried from time to time by a majority of franchisor's stores.

9. Exclusive Use: Provided that Tenant is not in default beyond any applicable cure period, Tenant shall have the exclusive right within the center to operate a ~~bakery/cafe~~Bakery Café as detined by Tenant's use clause. Additionally, Landlord warrants that it will not lease space to, or allow the operation of a competing business whose Primary Business is that of a deli style sub or sandwich shop, retail bakery, bagel shop or gourmet coffee shop. As used herein, "Primary Business" shall be defined as any business whose sales in any of the aforesaid items are greater than thirty percent (30%) of its gross revenues. In the event that Landlord either violates or fails to enforce this provision, then Tenant, in addition to any other right or remedy it may have, shall have the right, after written notice of the violation, to a reduction of tifty percent (50%) of it's Minimum Rent from the date in which the violation occurs.

10. Landlord's nonperformance: If Landlord shall fail to undertake or perform any of the covenants or agreements contained herein and such nonperformance shall continue for a period of tifteen (15) business days after written notice from Tenant, then Landlord shall be considered in default of the Lease and Tenant shall have the option to exercise any right or remedy allowed to Tenant at law or equity by stamte or otherwise, including, without limitation, termination of the Lease from the date of such default.

11. Intermption by Landlord: Notwithstanding anything to the contrary contained in the Lease, if the performance of any work by Landlord within or around the Premises is so extensive as to either prevent ingress and egress or dismpt utilities to the Premises and Tenant is forced to close its business for a period of more than two (2) consecutive days, then the rent and other charges hereunder shall abate for the period commencing on the day Tenant closes for business until the date Landlord restores such ingress and egress or utilities to the Premises. If Tenant's access or use of the Premises is materially disturbed because of casualty or condemnation, then the rent and other charges hereunder shall abate during such period as Tenant's access or use is materially disturbed.

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12. Indemnification by Landlord: Landlord hereby agrees to indemnify and save Tenant harmless from all claims, actions, demands, costs and expenses, and liability whatsoever, including reasonable attorneys fees, on account of any damage or liability occasioned in whole or in part by any negligence by Landlord, its agents, contractors, servants or employees. Landlord further agrees to indemnify and save Tenant harmless from and against any and all claims, actions demands, costs and expenses whatsoever, including reasonable attomeys fees arising on account of any damage or liability or personal injury arising upon or in connection with any invitee's or patron's use of the Common Areas or any portion of the Shopping Center other than the Premises

13. Exclusion from Common Area Charge: Notwithstanding anything in the Lease to the contrary, in no event shall the Common Area costs of which Tenant shall be required to pay a proportionate share, include sums expended or obligations or liabilities incurred pursuant or due to or in the nature of (i) new constmction of buildings or additions thereto within the Shopping Center or original landscaping or any completion thereof; (ii) the cost of any repair or replacement item which, by standard accounting practice, arc required to be capitalized (provided however, that the cost of any such capitalized repair or replacement items incurred by Landlord in performance of its obligations under the Lease shall be amortized over the life of the repair or replacement items in accordance with the Federal Intemal Revenue Code, and in accordance with generally accepted accounting practices , and the annual amortization cost shall be included in the Landlord's Common Area Costs); (iii) charges for depreciafion for items other than those incurred by Landlord in performance of its obligations in connection with the maintenance and repair of the Common Areas and amortized as aforesaid; (iv) principle, interest, or other debt service items; (v) ground or office rents; (vi) leasing commissions or other expenses associated with leasing space in the Shopping Center or enforcing the Leases of other Tenants; (vii) wages, salaries, or other benefits paid to executive or supervisory personnel of the Landlord above the level of Shopping Center Manager; (viii) costs and expenses associated with the cleanup of any hazardous waste substances required by law unless caused by Tenant; (ix) any cost or expense covered by insurance; (x) repairs, replacements or improvements made prior to the commencement date; (xi) repairs necessitated by the negligence of Landlord and which are required to cure violations of laws in effect on the commencement date; (xii) interest and amortizafion of indebtedness or any cost of financing or refinancing, depreciafion or ground rent; (xiii) leasing commissions or advertising expense relating specifically to the leasing of space at the center; (xiv) the costs of repairs or replacements incurred by reason of fire or other casualty or condemnation to the extent that either (A) Landlord is compensated therefor through proceeds of insurance or condemnation awards , or (B) Landlord failed to obtain insurance against such fire or casualty as required under this Lease; (xv) any amounts payable by Landlord by way of indemnity or for damages of which constitute a fine , interest, or penalty; or (xvi) any cost for a management or administrative fee in excess of fifteen percent (15%) of the Landlord's Common Area costs. Landlord shall keep separate and complete books of account covering all costs and expenses of maintaining and operating the Common Areas of the Shopping Center and preserve for at least twenty four (24) months after the close of each calendar year such books of account and all vouchers, invoices, statements, payroll records, and other papers evidencing such Common Area costs for that calendar year. Tenant and its authorized agents (including accountants and attomeys) shall have the right at any reasonable fime, but no more than once per annum, upon thirty (30) days prior written notice, during normal business hours, at Landlord's home office, within twenty four (24)

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months after the end of each calendar year, to inspect and audit the books and other documents mentioned above for the Shopping Center evidencing such costs. Should it be determined by any such audit that any statement previously submitted by Landlord to Tenant was inaccurate, the parties shall make an adjustment to reflect Tenant's actual proportionate share of Landlord's Comruon Area costs for the period covered by such inaccurate statement. If Tenant's audit discloses that Landlord has overstated Tenant's proportionate share of Common Area costs by more than two percent (2%), for any period, then Landlord shall pay to Tenant, upon demand, the reasonable cost of such audit incurred by Tenant.

14. Landlord's Responsibility to maintain Common Areas: Landlord shall at all times maintain the Common Areas in good condition and repair, and in a clean, safe, and sanitary condition, with adequate drainage, free and clear of snow, ice, and other obstruetions which would interfere with the operation of Tenant's business or the access of Tenant's customers, and shall maintain the parking areas properly paved and stripped at all times. Landlord agrees to keep the parking areas well lighted for at least one hour after the closing of the Shopping Center. Landlord shall also maintain the main lines for water, gas, sewer, wiring, and utility connections. Landlord shall additionally provide reasonable safeguards, including towing if necessary, to protect the Common Areas from improper use. Landlord's obligations under this paragraph shall be fulfilled in accordance with the highest shopping center industry standards, and shall be undertaken in such a manner as to cause the least possible interference and inconvenience to Tenant and its customers in the conduct of its business.

15. Odors: Landlord is generally familiar with the nature of Tenant's business and the permitted use to be conducted by Tenant on and within the premises. Landlord agrees that odors consistent with the ordinary conduct of the permitted use on and within the preruises shall not be deemed objectionable or unusual.

16. Consent: Landlord agrees that its consent or approval required by this Lease or requested by Tenant will not be unreasonably delayed, denied, or conditioned.

17. Real Estate Taxes: Landlord represents and warrants that (i) the Premises are fully assessed without abatement or reduction in rate other than by reason of fact that the current assessment is not based on the Premises being improved to the extent contemplated by construction of the Premises and the structure in which the Premises are to be located; (ii) that the Premises are not subject to any special assessment; and (iii) that the Landlord has no knowledge of any proposed change in the Real Estate Taxes. Landlord shall pay all Taxes at the earliest possible date in order to enjoy the benefit of an early payment discount associated with any such Taxes and Tenant's liability hereunder shall be based on such amount. The imposition of taxes and assessments under any section of this Lease shall, under no circumstances, include any interest, penalties, fees, charges or assessments resulting from the failure of Landlord to pay said Taxes and/or assessments when the same become due or any estate, personal property, inheritance, succession, gift transfer, franchise, corporate, net income, profit tax or capital levy that may be imposed upon Landlord, or any expense or cost of any appeal in excess of the reduction in taxes resulting from such appeal. With respect to any special assessments for the land or improvements in which the Premises are contained, that are, according to generally accepted accounting principals, amortizable over a period greater than the term of the Lease, Tenant's share of

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such special assessment shall be for the reasonable portion of such assessments allocable to the period of Tenant's tenancy hereunder. Tenant reservcs the right upon written notice to Landlord to audit Landlord's records pertaining to Real Estate Taxes of the Shopping Center at Landlord's office. If such audit reveals a discrepancy, which resulted in overpayment by Tenant, then Landlord shall immediately refund Tenant such overpayment along with the reasonable cost of such audit.

18. Subordination, Attornment: Tenant shall, in the event any proceedings are brought for the foreclosure of, or on the event of exercise of the power of sale under any mortgage made by Landlord covering the Premises, attom to the purchaser upon any such foreclosure or sale and recognize such purchaser as Landlord under this Lease provided such purchaser agrees that so long as Tenant is not in Default of this Lease the rights of Tenant under this Lease shall not be disturbed or terminated. Upon request of Landlord, tenant will subordinate its interest under this Lease to any security or encumbrance to be placed upon the real property of which the Premises are a part, and to all advances made or hereafter to be made upon the security thereof, provided that the secured party or mortgagee agrees that so long as Tenant is not in Default of this Lease the rights of Tenant under this Lease shall not be disturbed or terminated.

19. Attorneys Fees: In the event any party hereto finds it necessary to employ legal counsel to bring an action at law or other proceedings against any other party to enforce any of the terms, obligations, covenants or conditions hereof, the party prevailing in any such action or other proceedings shall be paid all reasonable attorneys' fees and related costs by the other party, and in the event that any judgment is secure by such prevailing party, all such attomeys' fees shall be included in such judgment in such action or proceedings.

20. Arbitration: All disputes and controversies of every kind and nature between the parties hereto arising out of or in connection with this Lease or any amendment attached hereto as to the existence, construction, validity, interpretation or meaning, performance, non-performance, enforcement, operation, breach, continuance, or termination thereof shall be submitted for arbitration. Either Landlord or Tenant may demand such arbitration in writing within ten (10) days after the controversy arises, such notice containing a statement of the controversy. Within tive (5) days after such demand if the parties have not agreed upon the arbitrator to hear such controversy, such person shall be named by the person in charge of the _____ office of the American Arbitration Association, or, lacking such office, the _____ office of the American Arbitration Association. The arbitration shall be conducted in the city of _____ in accordance with the mles of such Association. The fees of such Association shall be equally borne by the parties. Each party shall bear their own costs and expenses. The arbitration hearing shall be held within the latter of seven (7) days after the appointment of the arbitrator or the soonest date available to the arbitrator. All awards of the arbitration shall be final and non-appealable except as othorwise provided in the United States Arbitration Act (9 U.S.C.§ 1 et see.) The forgoing provision shall not preclude either party from bringing an action in any court of competent jurisdiction for injunctive relief as necessary or appropriate.

21. Mitigation of Tenant's Liabilities: In the event of Tenant's default and Landlord's termination of either the Lease or Tenant's right of possession hereunder, or both, as the case may be, Landlord will use its best efforts to re-let the Premises for the account of Tenant, or othorwise, at such rentals and upon such terms and conditions as Landlord shall

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deem appropriate in the best interests of the Shopping Center. Tenant shall have the right in the event that Tenant's right to possession is terminated without terminating Tenant's Lease hereunder, to mitigate its damages by re-letting the Premises in accordance with the terms of this Lease and any amendments attached hereto.

22. Landlord's repairs: landlord shall be solely responsible for any and all repairs, improvements, modifications or changes of any kind whatsoever that are required to be made to the areas of the Shopping Center outside of the Premises as a result of the requirements contained within: (I) the Americans with Disabilities Act and the regulations promulgated thereunder (collectively referred to as the "ADA"); (ii) the Clean Air Act and the regulations promulgated thereunder; and (iii) any other federal, state, or local laws that are similar to, supplement or enhance such legislation. Landlord agrees to indemnify and hold Tenant harmless from and against all damages, penalties, costs, claims or demand that may be made or threatened against Tenant or Landlord under the ADA arising out of the condition of the area of the Shopping Center outside of the Premises. Landlord shall, at Landlord's expense, comply with all requirements of all governmental authorities having jurisdiction over the area outside of the Premises. Except for the gross negligence or willful misconduct of Tenant, Landlord shall be responsible for all repairs to the roof, exterior demising walls and foundation, sprinkler systems not directly servicing the Premises, common plumbing lines not directly servicing the Premises, and any other common mechanical, electrical, or other utility which is not the express responsibihty of the Tenant as provided for in the Lease. Upon notice from Tenant, Landlord shall commence with such repairs within tive (5) business days of such notice. Any failure by Landlord to undertake such repairs within tifteen (15) business days after notice from Tenant will be considered a material default of this Lease and Tenant shall the option to exercise any right or remedy allowed to Tenant at law or equity by stamte or otherwise, including, without limitation, termination of the Lease from the date of such defauh.

23. Event signage: Landlord's consent shall not be withheld in the event that Tenant erects and displays temporary signage on the exterior of the Premises consistent with franchisor's operations manual. Such signage shall be professionally constructed and displayed for a period not to exceed three weeks on any occasion and no more than three times in any Lease Year.

24. Lease Memorandum: The parties agree that within ten (10) business days following the request by either party, that they shall execute a memorandum of Lease setting forth the Commencement Date, the unexpired term, the identity of the Premises and other such matters as shall be reasonably requested.

25. Landlord's Representation Regarding Authority: The individuals executing this Addendum and Lease on behalf of Landlord warrant that Landlord owns the Premises, that the individuals have authority to execute this Addendum and Lease and that the Addendum and Lease are fully binding upon the Landlord.

26. Disclosure to Franchisor: If Tenant is required to report sales or other information to Landlord as provided for in the Lease, then, at the written request of Franchisor, Landlord shall be required to disclose such information to Franchisor at Franchisor's notice address within ten (10) business days of such written request.

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27. Addendum Prevails: This addendum made part of this Lease dated _____, by and between _____, (as Landlord), and _____, (as Tenant), for space designated as_____, (the Premises) within the Shopping Center known as _____ shall supercede and prevail any clause or condition to the contrary contained within the Lease. In the event of a dispute between the parfies, each party will look to the addendum (if it applies) for resolution of the dispute.

28. Gross Sales Defined:- Notwithstanding any language contained in Section 4.6 or elsewhere in this lease to the contrary, Tenant's Gross Sales shall be defined to mean all receipts (cash, cash equivalents, or credit) or revenues from sales from all business conducted upon or from the Premises, whether evidenced by check, cash, credit, charge account, exchange or otherwise, including but not limited to, amounts received from the sale of goods, wares, and merchandise (including sale of food, beverages and tangible property of every kind and nature, promotional or otherwise), and from all services performed from or at the Premises. Gross sales shall not be reduced by any deductions for cash shortages incurred in connection with the transaction of business with customers, credit card company charges or theft which is reimbursed by insurance or is not reported to the appropriate authorities. Each charge or sale upon installment or credit shall be treated as a sale for the full price in the week during which such charge or sale shall be first made, irrespecfive of the time when Tenant shall receive payment (whether full or partial) therefore.

_____The term "Gross Sales" shall not include (1) the sale of merchandise for which cash has been refunded or not received, or allowances made for merchandise, if the sales of any such retumed or exchanged merchandise shall have previously been included in gross sales, (ii) the amount of any sales tax imposed by any federal, state municipal, or other govemmental authority directly on sales and intended to be collected from customers, provided that the amount thereof is added to the selling price and acmally paid by the Tenant to such govemmental authority, (iii) the sale of merchandise for which a gift certificate is redeemed, provided that the initial sale of the gift certificates shall have been previously included in gross sales, (iv) the sale of waste products of the store, (v) proceeds from the sale of equipment of fixtures provided such are not routinely sold in the course of Tenant's business, (vi) any revenues generated or earned from any pay telephone and/or newsstands located in or about the Premises.

29. Notices: All notices provided for in this lease shall be concurrently sent to Franchisor at the following address: Atlanta Bread Company International, Inc., ~~1955 Lake Park~~1200 Wilson Way Suite 400100, Smyrna, GA ~~30080~~30082 Attn: Real Estate Department, or such other address as notified by Franchisor in writing to Landlord. Notwithstanding anything contained in the lease to the contrary, notice will be sent via certified mail and will be effective on its receipt or refusal

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In witness whereof, the parties hereto have duly executed this instrument, individually or through their authorized officers, agents, or attorney-in-fact, as the case may be or required, causing their respective seals to be affixed hereto this _____ day of _____ in the year _____.

Witness: _____ Landlord:

_____

_____

_____ By:

_____

_____ Its:

_____

_____ Attest:

_____

Witness: _____ Tenant:

_____

_____

_____

_____ By:

_____

_____ Its:

_____

_____ Attest::

_____

Witness: _____ Franchisor:

_____

_____

_____ By:

_____

_____ Its: _____

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Attest: _____

Witness: _____ Landlord: _____

_____

By: _____

Its: _____

Attest: _____

Witness: _____ Tenant: _____

_____

By: _____

Its: _____

Attest: _____

Witness: _____ Franchisor: _____

_____

By: _____

Its: _____

Attest: _____

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EXHIBIT H

BAKERY/~~CAFE~~ CAFÉ OPENING DATE ADDENDUM

This Addendum is made this ___ day of _____, _____, 20___, by and between Atlanta Bread Company International, Inc. (the "Franchisor") and _____ (the "Franchisee").

WHEREAS, Franchisor and Franchisee desire to amend the Franchise Agreement dated _____, _____, 20___ (the "Franchise Agreement"), between Franchisor and Franchisee for an Atlanta Bread Company franchise located at _____, _____, to acknowledge the specific opening date of the Bakery/~~Cafe~~ Café.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. The Selected Term Summary "BAKERY/~~CAFE~~ CAFÉ OPENING DATE" section of the Franchise Agreement is hereby replaced by the following:

BAKERY/CAFE OPENING DATE:
_____.

2. All other terms and conditions of the Franchise Agreement shall remain in full force and effect except as modified or supplemented by this Addendum.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Addendum to the Franchise Agreement on the day and year first written above.

ATTEST:

_____
ATLANTA BREAD COMPANY INTERNATIONAL, INC.
FRANCHISOR

_____
~~FRANCHISOR~~

By:_____
Print Name:_____

By:_____
Print Name:_____

WITNESS:

_____

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FRANCHISEE

By: _____ By: _____
Print Name: _____ Print Name: _____

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EXHIBIT I

STATE ADDENDA TO FRANCHISE AGREEMENT

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STATE OF ILLINOIS
ADDENDUM TO FRANCHISE AGREEMENT

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, Ill. Comp. Stat., Chapter 815, §§ 705/1 through 705/44 (the "Act"), the parties to the attached ATLANTA BREAD COMPANY INTERNATIONAL, INC. FRANCHISE AND LICENSE AGREEMENT (the "Agreemem") agree as follows:

1. Sections 11.3(f) of the Agreement contains a provision requiring a general release as a condition of transfer of the franchise. Such release will exclude claims arising under the Act.

2. The provisions of this Agreement concerning governing law, jurisdiction and venue shall not constitute a waiver of any right conferred on Franchisee by the Act and shall be modified as follows:

   A. Section 32.1 of the Agreement contains a provision requiring that the Agreement be govemed by Georgia law. The parties agree that, to the extent that such laws conflict with the Illinois Franchise Disclosure Act, the Act will control.

   B. Section 32.3 of the Agreement contains a provision requiring that certain litigation may be instituted in a court within the state of Georgia. The parties agree that jurisdiction and venue for all litigation claims brought under the Agreement and the Illinois Franchise Disclosure Act will be in the State of Illinois.

3. The provisions of sections 1.8, 29.1, 29.2 and 29.3 of the Agreement, as they relate to non-renewal and termination, are applicable to the extent they are not inconsistent with the Act. In the event of any inconsistency, the Act will control.

4. Franchisor and Franchisee acknowledge, and reference is hereby made to, Section 705/41 of the Act, which provides as follows:

   Sec. 41. Waivers Void. Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void. This Section shall not prevent any person from entering into a settiement agreement or executing a general release regarding a potential or actual lawsuit tiled under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Tide 9 of the United States Code.

5. Franchisor and Franchisee acknowledge, and reference is hereby made to, Section 705/27 of the Act, which provides as follows:

   Sec. 27. Periods of Limitation. No action shall be maintained under Section 26 of this Act to enforce any liability created by this Act unless brought before the expiration of 3 years after the act or transaction constiuting the violation upon which it is based, the expiration of one year after the franchisee becomes aware of facts or circumstances reasonably indicating that he may have a claim for relief in

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respect to conduct governed by this Act, or 90 days after delivery to the franchisee of a written notice disclosing the violation, whichever shall first expire. No cause of action barred under existing law on the effective date of this Act shall be revived by this Act. Every cause of action under this Act survives the death of any person who might have been a plaintiff or defendant.

6. Each provision of this Addendum shall be effective only to the extent, with respect to each such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this Addendum.

7. Except as otherwise provided in this Addendum, all the other terms, covenants and agreements in the Agreement shall remain the same, and the Agreement, as amended, shall continue in full force and effect. To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, Franchisor and Franchisee have executed this Addendum as of the date of the Agreement.

ATTEST:

ATLANTA BREAD COMPANY INTERNATIONAL, INC.

Franchisor

By:_____

By:_____

ATTEST:

_____
Franchisee

By:_____
Print Name:_____
Title:_____

By:_____
Print Name:_____
Title:_____

WITNESS:

By:_____
Print Name:_____

By:_____
Print Name:_____

By:_____
Print Name:_____

Franchisee Address:

_____
_____
_____

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STATE OF INDIANA
ADDENDUM TO FRANCHISE AGREEMENT

In recognition of the requirements of the Indiana Deceptive Franchise Practices Law, Indiana Code §§ 23-2-2.7-1 through 23-2-2.7-10, and the Indiana Franchise Disclosure Law, Indiana Code §§ 23-2-2-2.5-1 through 23-2-2-2.5-51, the parties to the attached ATLANTA BREAD COMPANY INTERNATIONAL, INC. FRANCHISE AND LICENSE AGREEMENT (the "Agreement") agree as follows:

1. If any of the provisions of the Agreement concerning termination and non-renewal, governing law, venue, modification, covenants not to compete or any limitations period on the time in which claims may be brought are inconsistent with either the Indiana Deceptive Franchise Practices Law or the Indiana Franchise Disclosure Law, then such laws will apply to the extent inconsistent with the terms of the Agreement.

2. Section 11.3(f) of the Agreement contains a provision requiring a general release as a condition to transfer of the franchise. Such provision is inapplicable to the extent inconsistent with the Indiana Deceptive Franchise Practices Law, IC § 23-2-2.7-1(5).

3. No representation or acknowledgment by the Franchisee in the Agreement is intended to or shall act as a release, assignment, novation, waiver or estoppel to deprive the Franchisee of the rights and protections provided in the Indiana Franchise Disclosure Law or to relieve any person of any liability under the Indiana Deceptive Franchise Practices Law.

4. Each of the provisions of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Act are met independently without reference to this Addendum.

5. Except as otherwise provided in this Addendum, all the other terms, covenants and agreements in the Agreement shall remain the same, and the Agreement, as amended, shall continue in full force and effect. To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Attachments thereto, the terms of this Addendum shall govern.

[Signature Page Follows]

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IN WITNESS WHEREOF, Franchisor and Franchisee have executed this Addendum as of the date of the Agreement.

ATTEST:

ATLANTA BREAD COMPANY INTERNATIONAL, INC.

Franchisor

By:_____

By:_____

ATTEST:

_____
Franchisee

By:_____

By:_____

Print Name:_____:_____ Print

Name:_____

Title:_____:_____

Tide:_____

WITNESS:

By:_____

Print Name:_____

By:_____

Print Name:_____

By:_____

Print Name:_____

Franchisee Address:

_____

_____

_____

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STATE OF MARYLAND
ADDENDUM TO FRANCHISE AGREEMENT

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§ 14-201 through 14-233, the parties to the attached ATLANTA BREAD COMPANY INTERNATIONAL, INC. FRANCHISE AND LICENSE AGREEMENT (the "Agreement") agree as follows:

1. The general release language required as a condition of sale and/or assignment or transfer shall apply except for claims arising under the Maryland Franchise Registration and Disclosure Law. A copy of the form of general release required by Section 11.3(f) is attached hereto as Schedule A.

2. Although under certain circumstances the Agreement requires Franchisee to submit to a court proceeding in the State of Georgia in the judicial district in which Franchisor has its principal place of business, Franchisor agrees that litigation claims brought under the Maryland Franchise Registration and Disclosure Law may be brought in the State of Maryland.

3. Any claims arising under the Maryland Franchise Registration and Disclosure Law may be brought within three (3) years after the grant of the franchise.

4. No representation or acknowledgment by the Franchisee in the Agreement is intended to or shall act as a release, assignment, novation, waiver or estoppel to relieve any person of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

5. Each provision of this Agreement will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Addendum.

6. Except as otherwise provided in this Addendum, all the other terms, covenants and agreements in the Agreement shall remain the same, and the Agreement, as amended, shall continue in full force and effect. ~~Except as otherwise provided in this Addondum, all the other terms, covenants and agreements in the Agreement shall remain the same, and the Agreement, as amended, shall continue in full force and effect.~~ To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Attachments thereto, the terms of this Addendum shall govern.

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IN WITNESS WHEREOF, Franchisor and Franchisee have executed this Addendum as of the date of the Agreement.

ATTEST:

ATLANTA BREAD COMPANY INTERNATIONAL, INC.

Franchisor

By:_____

By:_____

ATTEST:

_____
Franchisee

By:_____ By:_____

By:_____

Print Name:_____ Print Name:_____

Title:_____ :_____

Titie:_____

WITNESS:

By:_____

Print Name:_____

By:_____

Print Name:_____

By:_____

Print Name:_____

Franchisee Address:

_____

_____

_____

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SCHEDULE A

GENERAL RELEASE

See attached.

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GENERAL RELEASE

(This is a sample and the exact terms may be different)

For and in consideration of the latest signed Franchise Agreement between _____ ("Franchisee") and Adanta Bread Company International, Inc. ("Franchisor"), die undersigned, jointly and severally, and each of their respective heirs, dependents, executors, officers, directors, members, owners, employees, administrators, successors, assigns, agents, representatives, predecessor-, successor-, affiliated-, subsidiary-, and parent-corporations or entities, as the case may be (the "Relcasing Parties"), unconditionally and without reservation, hereby release, acquit, and forever discharge franchisor and each of its past, present, and future parents, subsidiaries, affiliates, and successors in interest, and each of their respective managers, members, shareholders, directors, officers, agents, servants, employees and all other persons acting by, through, under or in concert with any of them and whether specifically mentioned herein or nol (the "Released Parties"), from any and all manner of claims, counterclaims, cross-claims, actions, causes of action, rights, disputes, controversies, judgments, debts, agreements, contracts, performance bonds, payment bonds, demands, obligations, duties, suits, expenses, assessments, penalties, charges, injuries, losses, costs (including, without limitation, attorneys' fees and costs incurred), damages (including, without limitation, compensatory, consequential, statutory, or punitive damages), sanctions, and liabilities of every kind, character and manner whatsoever, in law or in equity, administrative or judicial, contract, tort, statute or otherwise (collectively, "Claims"), which the Releasing Parties ever had, now have, or ever may have in the future against the Released Parties, whether now known or tnknown, accrued or unaccrued, asserted or unasserted, anticipated or unanticipated, for, upon, or by reason of any matter, cause or thing whatsoever from the beginning of the World to the date of this Release. This Release is not intended as a waiver of those rights of the undersigned which cannot be waived under applicable state franchise laws nor is it intended to release any Released Party from any liability imposed by the Maryland Registration and Disclosure Law. This Release shall be governed and construed in accordance with in accordance with the laws of the State of Georgia without regard to its conflict of law provisions.

Thc undersigned acknowledges there is a risk that, after the date hereof, the undersigned will discover, incur, or suffer Claims which are unknown or tnanticipated at the time of execution of this Release that which, if known by the undersigned on the date hereof, may have materially affected the undersigned's decision to execute this Release. Nevertheless, the undersigned agrees that the undersigned intends to assume, and is assuming, the risk of such unknown or unanticipated Claims, and that the Releasing Parties' release of the Released Parties set forth in this Release shall apply to any and all such Claims. Neither the undersigned nor any other Releasing Party has assigned, transferred or purported to assign or transfer to any other person or entity any of the Claims or any portion thereof or interest therein and agrees to indemnify, defend and hold the Released Parties harmless from and against any and all Claims based on or arising out of any such assignment or transfer or purported assignment or transfer.

Each of the undersigned represents and warrants that they intend to be legally bound by this Release, that the execution of this Release is free and voluntary, that no inducements, threats, presentations, or influences of any kind were made or exerted by or on behalf of Franchisor, and that, prior to the execution hereof, the undersigned was given the opportunity, if desired, to consult with counsel. This Release shall be binding upon the undersigned and the other Releasing Parties and their respective heirs, executors, administrators, legal representatives, successors and assigns.

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It is the express intention of the undersigned and Franchisor that this Release be as broad as permitted by law.

IN WITNESS WHEREOF, the undersigned have duly executed and delivered this Release as of this _____ day of _____, 20__.

WITNESS:

By: _____
By: _____
Print: _____
Its: _____

By: _____ By: _____
Print: _____
Individually

By: _____ By: _____
Print: _____
Individually

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STATE OF MINNESOTA
ADDENDUM TO FRANCHISE AGREEMENT

Pursuant to the requirements of Minnesota Statutes Section 80C.21 and Minnesota Rule 23640.4400, this Addendum to the attached ATLANTA BREAD COMPANY INTERNATIONAL, INC. FRANCHISE AND LICENSE AGREEMENT (the "Agreement") is made and entered into by Franchisor and Franchisee.

1. This Addendum is made a part of the Agreement to which it is attached.

2. Notwithstanding any provision in the Agreement to the contrary and only to the extent required by applicable law, in accordance with the provisions of Minnesota Statutes Section 80C.21 and Minnesota Rule 2860.4400(J), Franchisor does not require litigation relating to the Agreement to be conducted outside of the State of Minnesota, does not require the Franchisee to waive its right to a jury trial, and docs not require the Franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, notwithstanding any provision in the Agreement to the contrary and only to the extent required by applicable law, nothing in the Agreement or this Amendment can abrogate or reduce any of the Franchisee's rights as provided for in Minnesota Stamtes, Chapter 80C or Franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

3. Notwithstanding any provision in the Agreement to the contrary and only to the extent required by applicable law, in conformity with Minnesota Statutes Section 80C.14, except in certain specified cases, Franchisee shall be given ninety (90) days notice of termination (with sixty (60) days to cure) and one hundred and eighty (180) days notice for non-renewal of the Agreement, and Franchisor will not unreasonably withhold consent to a transfer.

4. Notwithstanding any provision in the Agreement to the contrary and only to the extent required by applicable law, in conformity with Minnesota Rule 2860.4400(J), Franchisor will not require Franchisee to consent to injunctive relief or require a bond be posted in any civil action; except upon order of a court of competent jurisdiction. The parties recognize that Franchisor reserves the right to seek any injunctive relief, including the posting of a bond, to the maximum extend required by applicable law.

5. Notwithstanding any provision in the Agreement to the contrary and only to the extent required by applicable law, in conformity with Minnesota Stamtes Section 80C.12, Franchisor will indemnify Franchisee from any loss, cost or expense arising out of any claim, suit or demand regarding those service marks, or other trademarks, service marks, trade names, logo types or other commercial symbols Franchisor may license you to use.

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6. Notwithstanding any provision in the Agreement to the contrary and only to the extent required by applicable law, Franchisee shall not be required, as a condition precedent for the renewal of the Agreement, sale of the Franchise granted therein or the transfer or assignment of the Agreement or the Franchise, to execute an estoppel, waiver of liability or release by Franchisee relating to claims that arise under the Minnesota Statutes Sections 80C.01 through 80C.22. Further, any general release required as a condition precedent for the renewal of the Agreement, sale of the Franchise granted therein or the transfer or assignment of the Agreement or Franchise, shall not apply to claims that arise under Minnesota Statutes Sections 80C.01 through 80C.22.

~~7~~7. Notwithstanding any provision in the Agreement to the contrary and only to the extent required by applicable law, in conformity with Minnesota Stamtes 80C.17, subdivision 5, no action may be commenced pursuant to Minnesota Statutes 80C.17 more than three years after the cause of action accrues.

8. Franchisee acknowledges that registration of this franchise with the State of Minnesota does not mean that the State of Minnesota recommends it or has verified the information in this Disclosure Document.

~~8~~9. For all purposes of this Addendum, unless otherwise expressly provided in this Addendum or unless the context in which such term is used indicates a contrary intent, the capitalized terms not otherwise defined herein shall have the respective meanings ascribed to such terms in the Agreement.

~~9~~10. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchises Law (Minnesota Statutes, Chapter 80C, Sections 80C.01 through 80C.22) are met independently without reference to this Addendum.

~~10. Except as otherwise provided in this Addendum, all the other terms, covenants and agreements in the Agreement shall remain the same, and the Agreement, as amended, shall continue in full force and effect.~~ 11. Except as otherwise provided in this Addendum, all the other terms, covenants and agreements in the Agreement shall remain the same, and the Agreement, as amended, shall continue in full force and effect. To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Attachments thereto, the terms of this Addendum shall govern.

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_____IN WITNESS WHEREOF, Franchisor and Franchisee have executed this Addendum as of the date of the Agreement.

ATTEST:

ATLANTA BREAD COMPANY INTERNATIONAL, INC.

Franchisor

By:_____

By: _____

ATTEST:

_____Franchisee

By:_____

Print Name: _____

Title:_____

_____By:_____

_____Print Name:_____

Title: _____

WITNESS:

By:_____

Print Name:_____

By:_____

Print Name: _____

Franchisee Address: _____

_____

_____

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STATE OF NEW YORK
ADDENDUM TO FRANCHISE AGREEMENT

In recognition of the requirements of the New York General Business Law, Article 33, the parties to the attached ATLANTA BREAD COMPANY INTERNATIONAL, INC. FRANCHISE AND LICENSE AGREEMENT (the ~~"~~"Agrcement~~")~~") agree as follows:

1. Section 11.1 of the Agreement shall be supplemented with the following paragraph:

No assignment shall be made except to an assignee, who, in the good faith judgment of Franchisor, is willing and possesses the economic resources to fultill ~~Franchisor's~~Franchisor's obligations under such Agreement.

2. Section 31.2 of the Agreement shall be supplemented with the following:

However, Franchisee shall not be required to indemnify Franchisor for any claims arising out of a breach of the Agreement by Franchisor or other civil wrongs of the Franchisor.

3. Section 32.1 of the Agreement shall be deleted in its entirety and shall have no force or effect and the following shall be substituted in lieu thereof

This Agreement takes effect upon its acceptance and execution by Franchisor, and shall be interpreted and construed under the laws of the State of Georgia, which laws shall prevail in the event of any conflict of law; provided, however, that if any provision of this Agreement would not be enforceable under the laws of Georgia and if the Franchise is located outside of Georgia, and further, if such provision would be enforceable under the laws of the state in which the Franchise is located, then such provision shall be interpreted and construed under the laws of that state. The foregoing choice of law should not be considered a waiver of any right conferred upon Franchisee by the General Business Law of New York State, Article 33.

4. Section 11.3(f) of the Agreement contains a provision requiring a general release as a condition of transfer of the franchise. Such release will exclude claims arising under the General Business Law of New York State, Article 33, Sections 680 through 695, and the regulations issued thereunder.

5. No representation or acknowledgment by the Franchisee in the Agreement is intended to or shall act as a release, assignment, novation, waiver or estoppel which would relieve a person from any duty or liability imposed by Article 33, Sections 680 through 695, of the General Business Law of the State of New York and the regulaùons issued thereunder.

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6. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the New York General Business Law, Article 33, are met independently without reference to this Addendum.

7. Except as otherwise provided in this Addendum, all the other terms, covenants and agreements in the Agreement shall remain the same, and the Agreement, as amended, shall continue in full force and effect. To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Attachments thereto, the terms of this Addendum shall govern.

[Signature Page Follows]

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IN WITNESS WHEREOF, Franchisor and Franchisee have executed this Addendum as of the date of the Agreement.

ATTEST:

ATLANTA BREAD COMPANY INTERNATIONAL, INC.

Franchisor

By:_____

By: _____

ATTEST:

Franchisee

By:_____

Prim Name: _____

Title:_____

By:_____

Print Name:_____

Title: _____

WITNESS:

By:_____

Print Name:_____

By:_____

Print Name: _____

Franchisee Address: _____

_____

_____

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STATE OF RHODE ISLAND
ADDENDUM TO FRANCHISE AGREEMENT

In recognition of the requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, the parties to the attached ATLANTA BREAD COMPANY INTERNATIONAL, INC. FRANCHISE AND LICENSE AGREEMENT (the "Agreement") agree as follows:

1. Section 11.3(f) of the Agreement contains a provision requiring a general release as a condition of renewal and transfer of the franchise. Such release will exclude claims arising under the Rhode Island Franchise Investment Act.

2. § 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "a provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act." To the extent that the provisions of Sections 32.1 and 32.3 conflict with the Rhode Island Franchise Investment Act, such provisions are void under § 19-28.1-14.

3. Section 19-28.1-15 of the Rhode Island Franchise Investment Act provides that "a condition, stipulation or provision requiring a franchisee to waive compliance with or relieving a person of a duty of liability imposed by or a right provided by this Act or a rule or order under this Act is void. An acknowledgement provision, disclaimer or integration clause or a provision having a similar effect in a franchise agreement does not negate or act to remove from judicial review any statement, misrepresentations or action that would violate this Act or a rule or order under this Act." If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act, such release shall exclude claims arising under the Rhode Island Franchise Investment Act, and such acknowledgments shall be void with respect to claims under the Act.

4. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently without reference to this Addendum.

5. Except as otherwise provided in this Addendum, all the other terms, covenants and agreements in the Agreement shall remain the same, and the Agreement, as amended, shall continue in full force and effect. To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Attachments thereto, the terms of this Addendum shall govern.

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IN WITNESS WHEREOF, Franchisor and Franchisee have executed this Addendum as of the date of the Agreement.

ATTEST:

ATLANTA BREAD COMPANY INTERNATIONAL, INC.

Franchisor

By:_____

By: _____

ATTEST:

Franchisee

By:_____

Print Name: _____

Title:_____

By:_____

Print Name:_____

Title: _____

WITNESS:

By:_____

Print Name:_____

By:_____

Print Name: _____

By: _____

Print Name: _____

Franchisee Address: _____

_____

_____

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~~**EXHIBIT J**~~

~~**EXISTING FRANCHISEES**~~

~~**(See attached list)**~~

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EXHIBIT C

MULTI-UNIT DEVELOPMENT AGREEMENT

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MULTI-UNIT DEVELOPMENT AGREEMENT

between

ATLANTA BREAD COMPANY INTERNATIONAL, INC.

and

DEVELOPER

_____
Individual & Entity Name

_____
Entity Address

_____
City – State – Zip

_____
Telephone – Fax – Email

DATE OF MULTI-UNIT DEVELOPMENT AGREEMENT

_____

Information verified true and correct:

_____
Agreement Date

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ATLANTA BREAD COMPANY INTERNATIONAL, INC.

MULTI-UNIT DEVELOPMENT AGREEMENT

This Multi-Unit Development Agreement ("Agreement"), is made this _____ day of _____, 2_____ in Smyrna, Georgia, by and between ATLANTA BREAD COMPANY INTERNATIONAL, INC., a Georgia corporation with its principal oftice at 1955 Lake Park Drive, Suite 400, Smyma, Georgia, 30080, and _____, an individual/corporation/partnerpartnership, with his/her/its residence/office at _____("Developer").

WHEREAS, Atlanta Bread Company Intemational, Inc. ("ABC") has developed and owns a unique and comprehensive system (the "System") of establishing, developing and opcrating Bakery Cafés identified by the mark "Atlanta Bread Company" and other marks relating to the establishment, development, organization and operation from traditionai and non-traditional looations(the "Marks"), and is a Franchisor of ABCATLANTA BREAD COMPANY Bakery Cafés, which feature and specialize inare upscale bakery café restaurants featuring breads, sandwiches, pastries, bagels, salads, soups, deserts and other food items; and

WHEREAS, Developer desires the rights to develop ABC Bakery Cafés within the geographic area specified in this Multi-Store Development Agreement, for the limited term of this Agreement; and

WHEREAS, ABC is willing to grant such rights in accordance with the terms and conditions of this Agreement;

NOW, THEREFORE, it is mutually agreed as follows:

1. GRANT. ABC hereby grants to Developer during the term of this Muhi-Unit Development Agreement and subject to the conditions herein, the right to develop ABC Bakery Cafés in the limited geographical area identified and set forth in Exhibit "A" attached hereto, except for any protected area located therein as detined in any Franchise Agreement currently issued to other parties. This geographical area shall be referred to as the "Franchised Territory." This grant is personal to Developer named herein and is not transferable, assignable or otherwise subject to divestment except as may be stated herein. The operation of the Bakery Cafés developed pursuant to this Agreement will be governed by individual Franchise Agreements issued by ABC in accordance with Section 11 below. Except as otherwise provided herein, so long as Developer is in compliance with the terms and conditions of this Agreement, ABC will not Franchise others to operate, nor will it itself operate traditional ABC Bakery Cafés in the Franchised Territory during the term of this Agreement. This grant and the designation of a "Franchised Territory" shall not prohibit ABC from opening or operating on its account or Franchising others to own or operate non-traditional ABC Bakery Cafés (such as schools, airports, hospitals, grocery bakery cafes, wholesale clubs and the like) in the "Franchised Territory," open or Fmnchisefranchise other competing or non-competing concepts in the "Franchised Territory," or prohibit ABC from selling it's exclusive product or blends through other methods of distribution such as grocery chains, independent outlets or by any other means, in the "Franchised Territory."

2. **TERM.** Unless earlier terminated pursuant to Section 13, this Agreement shall expire on the _____ day of _____, 20___ or upon the execution by ABC of the Franchise Agreement for the last Store specified in Exhibit "B" (the "Development Schedule'), whichever first occurs. The Term of this Agreement shall not be extended under any circumstances.

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3. DEVELOPMENT FEE. Upon execution of this Agreement, Developer shall execute the Franchise and License Agreement for the first Store and shall simultaneously pay to ABC Forty Thousand ($40,000.00) Dollars as the Franchise and License Fee for the first Store to be developed in the Development Territory under this Agreement and Thirty Thousand ($30,000.00) Dollars as the Development Fee for each additional Store to be built under this Agreement. This Development Fee for the first store is fully earned by ABC in considerafion of the execution of this Agreement and the authorization for construction in the Development Territory on Developer's behalf Should Developer fail to construct and open the second or any of the subsequent Bakery Cafés authorized under this Agreement or open and develop authorized Bakery Cafés within the time frame of the Development Schedule herein, Developer will be entitled to a refund of only those development fees paid for the remaining Bakery Cafés to be opened, less Ten Thousand ($10,000.00) Dollars as reimbursement to Franchisor as administrative fees associated with this Multi-Unh Development Agreement.

4. DEVELOPMENT SCHEDULE. Developer shall open and continuously operate properly Franchised ABC Bakery Cafés in accordance with the Development Schedule set forth in Exhibit "B". The parties specifically agree to the number and opening dates in the Development Schedule attached hereto. In the event that Developer opens and continuously operates a greater number of ABC Bakery Cafés than required during any interim period of the Development Schedule, the requirements of the succeeding period(s) shall be deemed satisfied to the extent of such excess number of Bakery Cafés, up to the total number of Bakery Cafés authorized in the Development Schedule. This provision shall not be construed to allow Developer to open or operate more Bakery Cafés than the total number of Bakery Cafés authorized under the specific Development Schedule attached to this Agreement.

5. LOCATION OF BAKERY CAFÉS. Developer is responsible for locating proposed sites within the assigned Franchised Territory for each of the Bakery Cafés contemplated in the Development Schedule. During the term of this Agreement, Developer shall use its best efforts to locate suitable sites. ABC may in its discretion offer counseling and advice in site selecfion. In no event, however, shall ABC be obligated to loan money, guarantee leases, provide financing or otherwise become directly involved and/or obligated to Developer or to any third party with respect to such site selecfion or development; these activities and undertakings are the sole and exclusive responsibility of Developer, financially and otherwise.

6. SITE ACCEPTANCE. Upon selection by Developer of a proposed site for a Store, Developer shall promptly submit to ABC specific site data, demographic and other information conceming the site, utilizing such forms as may be required by ABC. ABC shall either accept or reject such site in accordance with ABC then-current site selection pohcies, procedures and criteria. To be effective, any acceptance must be in writing. Developer understands and acknowledges that ABC may reject any proposed site, in which event Developer will not proceed at the rejected site, but will seek to locate an acceptable site. The acquisition in any manner of any proposed site prior to acceptance by ABC shall be at the sole risk and responsibility of Developer and shall not obligate ABC in any way to accept the site.

7. DISCLAIMER. In executing this Agreement, accepting a proposed she, giving approvals or advice or providing services or assistance in connection with this Agreement, ABC does not guarantee the suitability of an accepted site or the success of any ABC Store established at such site. ABC expressly disclaims any warranties, express or implied, with respect to the suitability of any site or the success of any Store at any accepted site. Developer understands and acknowledges that the suitability of a site and the success of any Store depends on many factors outside the control of either ABC or Developer (such as interest rates, unemployment rates, demographic trends and the general economic climate), but principally depends on Developer's efforts in the operation of the Store.

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8. LOCATION REQUIREMENTS. As a condition for accepting a proposed site, ABC may require Developer to negotiate a lease or sales contract that includes certain terms regarding duration or other specified matters. Developer understands and acknowledges that a site acceptance may be conditioned on such matters and that if Developer, or the Landlord, does not wish to, or cannot, satisfy the pertinent conditions within a reasonable time, the site will be deemed rejected.

9. CONSTRUCTION. Upon receiving acceptance for a proposed site, Developer shall proceed promptly to secure control of the accepted site and to obtain necessary zoning and building approvals and permits. ABC will provide generic blue prints for the ABC approved building, including specificafions for fixtures, fumishings, signs and equipment. Developer must hire an architect and general contractor to adapt these generic plans to the accepted site and must submit proposed final working plans to ABC for acceptance within the time limits set by ABC. Developer shall not proceed with construction or remodeling until Developer has received ABC's written acceptance of the final working plans. Developer shall ensure that the building is constructed or remodeled in accordance with the final working plans and specificafions designated and accepted by ABC. Developer will allow ABC to make periodic inspections and will provide such periodic progress reports as may be requested by ABC. The inspection of the site and rendering of reports shall not be construed as approval of the workmanship at the site or compliance with local building codes or regulations, by ABC. Developer alone is responsible for the supervision of construction and determination of compliance with proper federal, state and local building methods, codes and regulations.

10. TRAINING. Unless Developer already is operating at least one ABC Store, Developer, a partner of Developer if Developer is a partnership, the authorized shareholder of Developer if Developer is a corporation or the manager or member if Developer is a Limited Liability Corporation (LLC) must complete ABC Franchisee Training Program prior to the opening of the first Store set forth in the Development Schedule. In addition, if Developer is not operating any ABC Bakery Cafés prior to issuance of the Franchise Agreement for the first Store set forth in the Development Schedule, at least one (1) employee of Developer must attend and be certified as an ABC Baker prior to issuance of the authority to open the Store for the first Store under the Development Schedule. Another employee of Developer must attend and be certified as an ABC Baker prior to the opening for the second Store under the Development Schedule, and so on for each additional Store opened under this Development Agreement. ABC in its sole discretion and prior to issuance of any further Franchise Agreements for addifional Bakery Cafés, may require additional employees of Developer to anend and be certified at the Managers and/or Bakers training or complete other programs operated by ABC. If Developer is an individual who intends to participate in the daily operation of the Store, or if Developer includes a partner, shareholder, manager or member who intends to participate in the daily operation of the Store, that person must attend and be certified at the Managers Training program as one of Developer's first two (2) representatives. If Developer already is operating one, but only one ABC Store, prior to opening of the first Store under the Development Schedule, two additional employees of Developer must attend and be certified at the Manager and the Bakers training programs prior to issuance of the Franchise Agreement for the first Store under the Development Schedule. If Developer already is operating two or more ABC Bakery Cafés prior to opening of the first Store under the Development Schedule, ABC in its sole discretion and prior to authorizing any store opening under the Development Schedule, may require an additional representafive to attend and be certified as a manager and/or baker or complete another comparable training program approved in advance by ABC. All expenses of Developers employees while at any attendance at training shall be the sole responsibility of Developer.

11.— FRANCHISE AGREEMENT. No ABC StoreBakery Café may be opened or operated by Developer under any circumstances until the required Development Pees and Initial Franchise ~~and~~

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~~License Fees~~Fees (as defined in the Franchise Agreement) have been paid and ABC has and Developer (or Developer's affiliated company) have executed the Franchise Agreement for such location. All Franchise Agreements issued pursuant to this Development Agreement will contain generally the same terms and conditions as are being offered to other Franchisees similarly situated at the time of issuance, including without limitation those terms and conditions pertaining to Royalty Fees and other fees and the duration of the Franchise Agreement. As a condition of ABC's execution of such Franchise Agreements, ABC may require Developer or its principles to execute a personal guarantee, letter of credit or corporate guarantee to secure payment of Continuing Fees and other fees required to be paid under the Franchise Agreement. Developer shall comply with ABC then-current licensing policies and procedures for issuance of the Franchise Agreements. ABC shall be under no obligation to execute and issue a Franchise Agreement if Developer is in breach or default of any other Franchise Agreement between ABC and Developer, or if Developer is not eligible for expansion pursuant to ABC then-current criteria for expansion. In addition, ABC shall be under no obligation to execute and issue a Franchise Agreement unless Developer has complied in a timely manner with all terms and conditions of this Development Agreement and has satisfied all requirements set forth herein (including construction and training requirements) with respect to the pertinent accepted site. If and when ABC executes a Franchise Agreement, it shall thereafter govern the relations between the parties with respect to that site specific Store.

12. NO RIGHT TO OPERATE OR USE TRADEMARKS. Developer acknowledges that until a Franchise Agreement has been issued for a specified site, Developer shall not have or be entitled to exercise any of the rights, powers and privileges granted by the Franchise Agreement, including without limitation the right to use ABC trademarks, service marks, trade dress and trade names; that the execution of this Development Agreement shall not be deemed to grant any such rights, powers or privileges to Developer; and that Developer may not under any circumstances commence operation of any ABC Store prior to execution by ABC of a Franchise Agreement for a site specific location.

13. TERMINATION. This Agreement shall terminate immediately and without notice to either party upon:

(a) the death of Developer, if Developer is an individual; or

(b) the commencement of any proceedings by or against Developer under the Bankruptcy Act, under any Chapter thereof or amendment thereto, or under any other insolvency act, whether federal or state; the appointment of any trustee or receiver for the business or property of Developer; or any assignment by Developer for the benefit of creditors.

ABC shall have the right at its election to terminate this Agreement immediately upon notice to Developer, upon the occurrence of any of the following:

(a) failure to strictly comply with the Development Schedule attached to this Development Agreement;

(b) the attempted assignment of this Agreement without the prior written approval of ABC;

(c) if Developer is a corporation or a partnership, the transfer of any of the capital stock or partnership interest of such corporation or partnership during the term of this Agreement without the prior written approval of ABC;

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(d) the discovery by ABC of any material misrepresentation in any of the informafion or documents submitted to ABC by or on behalf of Developer;

(e) any violafion by Developer of any federal, state, county or municipal law, rule or ordinance relating to the construction or operafion of any Store developed under this Agreement, deviation from the plans and specifications approved for Developer's specific site or any violation of the specific provisions of this Agreement; or

(f) the termination by ABC of any Franchise Agreement or other agreement between ABC and Developer or Developer's failure to cure a default under this or any other agreement between ABC and Developer within the time specified by the agreement in default.

For purposes of Sections 11 and 13 herein, any Franchise Agreements issued to Developer, any affiliated company of Developer or any corporation, partnership, LLC or joint venture (or their affiliates) in which Developer or any stockholder, partner, manager, member or joint venturervcnture of Developer, directly or indirectly, has any interest of ownership or participation, regardless of location, shall be deemed an agreement between ABC and Developer.

14. EFFECT OF EXPIRATION OR TERMINATION. Upon expiration of this Agreement, completion of the last Store authorized under this Development Agreement, or upon termination for any reason, the rights granted to Developer pursuant to this Development Agreement shall be immediately extinguished. Unless the parties have executed a new Development Agreement, ABC thereafter shall have the right to open or operate or permit others to open or operate ABC Bakery Cafés within the Franchised Territory, except as hmited by the protected area provisions of any then effective Franchise Agreements.

15. CONFIDENTIALITY. ~~At all times during the term of this Agreement, and afier termination of this Agreement for any reason, Developer (and if a corporation or partnership, its shareholders, directors, and officers or partners, as individuals) shall not divulge, disclose or communicate, directly or indirectly, to any other person or entity any confidential or proprietary information or knowledge obtained from ABC. This provision shall survive the termination or completion of this Agreement for the purposes of enforcement.~~

~~16.~~a. Developer (and if a corporation or partnership, its shareholders, directors, and officers or partners, as individuals (collectively "Principals")) acknowledge and agree that: (i) over the tcrm of this Agreement Developer will receive Confidential Information and Trade Secrets, as defined below, which ABC has developed and refined over significant time at great expense, including but not limited to information specified in ABC's manuals and regarding the System; (ii) the Confidential Information and Trade Secrets, including information contained in the manuals, is not generally known in the industry and is beyond their own present skills and experience, and to develop it themselves would be expensive, time consuming, and difficult; and (iii) the Confidential Information and Trade Secrets provides a competitive advantage and will be valuable in the development and operation of Bakery Cafés, and gaining access to it is a primary reason for entering into this Agreement. Dcveloper and its Principals further acknowledge and agree that the provisions of Sections 15 and 16 of the Agreement help protect the legitimate business interests of ABC and its developers and franchisees, including but not limited to the interests in (i) protecting and preserving the confidentiality of the Confidential Information and Trade Secrets developed by ABC and licensed for use by franchisees of the System and ensuring that such Confidential Information and Trade Secrets are used only in connection with the development and operation of ATLANTA BREAD COMPANY Bakery Cafés; (ii) promoting and preserving the loyalty of and avoiding conflicts of interest on the part of Developer and its Principals during the term of the

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Agreement, and of other developers and franchisees and their principals during the terms of their development and franchise agreements; (iii) preserving expansion opportunities for ABC and its developers and franchisees to locate additional ATLANTA BREAD COMPANY Bakery Cafés during the term of this Agreement and of other franchisee's franchise agreements; and (iv) preserving expansion or replacement opportunities for ABC and its developers and franchisees to locate additional ATLANTA BREAD COMPANY Bakery Cafés in the proximity of an ATLANTA BREAD COMPANY Bakery Café, after it closes due to termination or expiration of a franchise agreement.

b. Additional Definitions.

i. Confidential Information and Trade Secrets.

1. "Confidential Information" means data or information which is either: (1) marked "Confidential" or with some similar designation; or (2) related to ABC's business, disclosed to Developer as a consequence of this Agreement, valuable to ABC, its subsidiaries or affiliates, and not generally known to the competitors of ABC. Confidential Information includes, but is not limited to, Trade Secrets.

2. "Trade Secret" means data or information, without regard to form, including but not limited to technical or non-technical data, a formula, a pattern, a compilation, a program, a device, a method, a technique, a drawing, a process, financial data, financial plans, product plans, or a list of actual or potential customers or suppliers, that: (1) is not commonly known by or available to the public; (2) derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (3) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

3. The Developer and its Principals specifically agree that ABC's Confidential Information and/or Trade Secrets include, without limitation, the following: ABC's manuals; non-public aspects of methods, techniques, specifications, procedures, information, systems, knowledge and experience involved in the site selection, development, design, construction, layout, licensing, and operation of ATLANTA BREAD COMPANY Bakery Cafés, whether contained in the manuals, training materials or otherwise; recipes, menu analyses, and non-public methods, procedures, and techniques for preparing products offered in ATLANTA BREAD COMPANY Bakery Cafés; and identities of suppliers of food, ingredients, equipment and other items required and/or used by ATLANTA BREAD COMPANY Bakery Cafés.

4. Notwithstanding any other provision of this Agreement, Confidential Information and Trade Secrets do not include data, information, processes, or techniques: (1) which have been voluntarily disclosed to the public by ABC, except where such disclosure has been made by an employee or franchisee of ABC without authorization from ABC; (2) which has been independently developed and disclosed by others, other than through disclosure in violation of this Agreement or other confidentiality agreements; or (3) which has otherwise entered the public domain through lawful means.

ii. "Competitive Business" means any restaurant or food serving business that derives fifty percent (50%) or more of its gross revenues from the retail sale of soups, salads, sandwiches, bakery products and/or pastries (including, but not limited to, food items

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such as hot breakfast sandwiches, deli sandwiches, paninis, muffins, breads, pastries and other baked goods). A Competitive Business shall not include any other ATLANTA BREAD COMPANY Bakery Café owned by a franchisee and operated pursuant to a Franchise Agreement with ABC.

iii. "Competitive Position" means, with respect to any Competitive Business, either directly or indirectly through a surrogate who is essentially acting for a Prohibited Person or Entity: (a) being an owner, shareholder, partner or limited liability company member; (b) serving as an operator, manager or management consultant; (c) lending money in any way to or guaranteeing the obligations of; or (d) serving as an officer, director or management level employee (including, without limitation, baker, restaurant manager, purchasing manager, or catering manager).

c. Developer and its Principals agree that the Confidential Information and Trade Secrets are owned solely and exclusively by ABC. Developer will not acquire any interest in the Confidential Information and Trade Secrets, other than the right to use them in the development and operation of ATLANTA BREAD COMPANY Bakery Cafés during the term of the Agreement and of any associated Franchise Agreements.

d. The Developer and its Principals acknowledge that any unauthorized use or disclosure of Confidential Information or Trade Secrets would constitute an unfair method of competition and could cause immediate and irreparable harm to ABC, to the System and to other ATLANTA BREAD COMPANY developers and franchisees. Accordingly, the Developer and its Principals agree that during the term of this Agreement they will not, directly or indirectly, disclose, divulge, publish or market to any person, or use in any way, any Confidential Information or Trade Secrets, except as required to develop Bakery Cafés and perform the Developer's obligations under this Agreement, or as ABC approves in writing. The Developer and its Principals agree that these restrictions on the disclosure of Confidential Information and Trade Secrets will remain in effect following termination or expiration of the Agreement until any particular information at issue no longer constitutes Confidential Information or a Trade Secret.

e. The Developer and its Principals may not make any unauthorized copies of any portion of the Confidential Information or Trade Secrets and must adopt and implement all procedures ABC prescribes from time to time to help prevent unauthorized use or disclosure of the Confidential Information and Trade Secrets.

f. Upon expiration or termination of this Agreement for any reason, Developer shall immediately stop using and return any copies of ABC manuals and any other documents containing Confidential Information and Trade Secrets, and shall take appropriate steps to permanently delete and render unusable any Confidential Information and Trade Secrets stored electronically and certify same to ABC in writing.

16. LIMITATIONS ON COMPETITION.

a. During Term of Agreement. Developer acknowledges and agrees that limiting Developer and its affiliates and Principals from involvement in a Competitive Business during the term of this Agreement serves to promote or protect the purpose or subject matter of the Agreement and the relationship between ABC and Developer, to promote loyalty and deter

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potential conflicts of interest on the part of the Developer and its Principals, to preserve expansion opportunities for ABC and its developers and franchisees, and to promote or protect the System, ABC and other ATLANTA BREAD COMPANY developers and franchisees. Accordingly, in addition to Developer's other agreements, duties, representations, warranties and covenants set forth in this Agreement, and as a material inducement for ABC to enter into this Agreement and provide the rights and privileges granted herein, Developer hereby represents, warrants, covenants and agrees that during the term of the Agreement, neither Developer, its affiliates nor any Principal (for so long as such Principal owns any interest in Developer) shall accept, have, hold, take or perform a Competitive Position with or for a Competitive Business located within the geographical area identified and set forth in Exhibit "A," or within a five (5) mile radius from any ATLANTA BREAD COMPANY Bakery Café, unless they obtain the prior written consent of ABC.

b. Post-Term Competition. In addition to Developer's other agreements, duties, representations, warranties and covenants set forth in this Agreement, and as a material inducement for ABC to enter into this Agreement and provide the rights and privileges granted herein, and in order to promote and protect the System, ABC and all other ATLANTA BREAD COMPANY developers and franchisees. Developer hereby represents, warrants, covenants and agrees that for three (3) years following the termination or expiration of this Agreement for any reason, neither Developer, its affiliates, nor any Principal who held an interest in Developer at any time within six months prior to the termination or expiration of the Agreement, shall accept, have, hold, take or perform a Competitive Position with or for a Competitive Business located within the geographic area identified and set forth in Exhibit "A" or within the geographic area identified and set forth in Exhibit "A" or within a five (5) mile radius of any ATLANTA BREAD COMPANY Bakery Café that is operating as of the date of termination of the Agreement.

c. Public Corporation Exception. It shall not be deemed to be a violation of the covenants in Section 16 if Developer or its affiliates or any Principal own securities of a publicly-held corporation that is listed on any stock exchange or traded on the over-the-counter market that in the aggregate represent 5% or less of the number of issued and outstanding securities of that class of securities.

17. ASSIGNMENT. This Agreement shall inure to the benefit of and be binding upon ABC, its successors and assigns. However, neither this Agreement nor any of Developer's rights hereunder shall be assignable or transferable by Developer, directly or indirectly, by operation of law or otherwise, without the prior written approval of ABC.

~~17.~~18. NEW DEVELOPMENT AGREEMENT. If Developer wishes to negotiate a new Development Agreement with ABC with respect to further development of ABC Bakery Cafés in the Franchised Territory, Developer must so advise ABC in writing sixty (60) days before the expiration date of this Development Agreement or sixty (60) days before the anticipated date of execution of the Franchise Agreement for the final STORE under the Development Schedule in Exhibit "B". Subject to receipt of such notice and so long as this Development Agreement is in effect and Developer is not and has not been in default under this Development Agreement or any Franchise Agreement or other agreement with ABC, ABC then will negotiate with Developer with respect to a new Development Agreement during the remainder of the term of this Development Agreement. If Developer fails to properly notify ABC of its intent to seek a new Development Agreement for Developer's current

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Franchised Territory or any other Territory, the areas shall be available for development by ABC or others, with no residual right of first refusal residing with Developer.

~~18~~19. GOVERNING LAW AND FORUM SELECTION. This Agreement shall be governed, construed and interpreted in accordance with the laws of the State of Georgia. In the event of any dispute concerning the parties' rights or obligations under this Agreement, Developer agrees to file any suit against ABC only in the federal or state court having jurisdiction where ~~ABC~~ABC's principal office is then located.

~~19~~20. STATUTE OF LIMITATIONS. Any and all claims and actions arising out of or relating to this Agreement (including, but not limited to, the offer and acceptance of this Agreement), or the relationship of Developer and ABC, brought by any party hereto against the other, shall be commenced within one (1) year from the occurrence of the facts giving rise to such claim or action, or such claim or actions shall be barred. The terms and conditions of the pertinent Franchise Agreement shall govern claims and acfions arising from the operation of that particular Store.

~~20~~21. WAIVER OF DAMAGES, CLASS ACTION SUITS AND TRIAL BY JURY. Except to the extent otherwise allowed under a Franchise Agreement, Developer and ABC hereby waive to the fullest extent permitted by law any right or claim of any consequential, punitive, or exemplary damages against the other, and agree that in the event of a dispute between them each shall be limited to the recovery of any actual, non-consequential damages sustained by it. ABC and Developer hereby waive to the fullest extent permitted by law the right to bring any class action suits ~~and selection of trial by jury~~against ABC.

~~21~~22. DEVELOPER'S ACKNOWLEDGMENTS. Developer understands and acknowledges that there are significant risks in any business venture and that the primary factor in Developer's success or failure under this agreement will be Developer's own efforts. Developer has undertaken this venture solely in reliance upon the matters set forth in the ~~Uniform Franchise Offering Circular~~ and/or Developer's own independent investigation of the merits of this venture. Developer also acknowledges the following:

(a) Developer has been provided with a copy of the current ABC ~~Uniform Franchise Offering Circular~~Disclosure Document at least ~~as early as~~ 14 days prior to the ~~first personal (face to face) meeting with~~execution of this Agreement or payment of any ABC ~~representative~~consideration; and

~~(b) Developer has not been asked to sign and has not signed any Development Agreement or related document, and has not been asked to pay and has not paid any money, earlier than ten (10) business days after receipt of the Uniform Franchise Offering Circular; and~~

~~(c)~~(b) A sample copy of the Development Agreement or any other related document actually signed by Developer has been received at least seven (7) calendar days prior to the execution of the document; and

~~(d)~~(c) Developer has had an ample and sufficient opportunity to review the ~~Uniform Franchise Offering Circular~~Disclosure Document, Franchise Agreement and Development Agreement and has done so. ABC representatives have not made any oral or written statements or representations that are inconsistent with any statement in the ~~Uniform Franchise Offering Circular~~Disclosure Document, or the Franchise or Development Agreements; and

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~~(c)~~(d) ABC representatives have not made any representation to Developer stating a specific level of potential sales, income or gross or net profit for Developer's potential Bakery Cafés, or stated any other facts that suggest such a level. In addition, ABC representatives have not made any representation to Developer stating a specific level of sales, income or gross or net profits of existing ABC Bakery Cafés (whether Franchised or company-owned), or stating any other facts that suggest such a level. Developer has been advised that ABC makes no representations on such matters and has been advised and encouraged to contact existing Franchisees of Developer's choice with respect to such information; and

~~(f)~~(e) Developer will make an independent business decision with respect to the source of financing for Developer's potential Bakery Cafés and has not been required to deal with any particular financing source by any ABC representative; and

~~(g)~~(f) Developer will make an independent business decision with respect to the construction company to be ufilized by Developer for the construction of Developer's Bakery Cafés and has not been required by ABC or any ABC representative, either explicitly or implicitly, to deal with any specific construction company. Developer understands that building design, plans, equipment, and signage must comply with ABC development and operating standards and that any lists of contractors or equipment suppliers are provided as a convenience to Developer indicating then known approved contractors and equipment suppliers.

~~22~~23. **TIME OF THE ESSENCE.** The parties acknowledge that time is of the essence in the completion of each and ever covenant, term or condition of this Agreement whether requiring positive or negative performance.

~~23~~24. **ENTIRE AGREEMENT.** This Development Agreement contains the entire agreement between the parties relating to the subject hereof and shall not be modified except by a written document executed by both parties.

ABC:	DEVELOPER:
ATLANTA BREAD COMPANY INTERNATIONAL, INC.	
By: _____	By: _____
Title: _____	Title: _____
Name: _____	Name: _____
Date: _____	Date: _____
_____	_____
Witness	Witness

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EXHIBIT "A"

FRANCHISED TERRITORY

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EXHIBIT "B'

DEVELOPMENT SCHEDULE

Bakery/Café(s)	Schedule
	12 Months from 1st signed lease
	18 Months from 2nd signed lease

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EXHIBIT "C"

State Addenda to Multi-Unit Development Agreement

See attached.

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STATE OF ILLINOIS
ADDENDUM TO MULTI-UNIT DEVELOPMENT AGREEMENT

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, Ill. Comp. Stat., Chapter 815, §§ 705/1 through 705/44 (the "Act"), the parties to the attached ATLANTA BREAD COMPANY INTERNATIONAL, INC. MULTI-UNIT DEVELOPMENT AGREEMENT (the "Agreement") agree as follows:

1. The provisions of this Agreement concerning governing law, jurisdiction and venue shall not constitute a waiver of any right conferred on Developer by the Act and shall be modified as follows:

   A. Section 18 of the Agreement contains a provision requiring that the Agreement be governed by Georgia law. The parties agree that, to the extent that such laws conflict with the Illinois Franchise Disclosure Act, the Act will control.

   B. Section 18 of the Agreement contains a provision requiring that litigation must be instituted in a court having jurisdiction where ABC principal office is then located. The parties agree that jurisdiction and venue for all litigation claims brought under the Agreement and the Illinois Franchise Disclosure Act will be in the State of Illinois.

2. Sections 2 and 13 of the Agreement as they relate to non-renewal and termination are only applicable to the extent they are not inconsistent with the Act. In the event of any inconsistency, the Act will control.

3. ABC and Developer acknowledge, and reference is hereby made to, Section 705/27 of the Act, which provides as follows as it relates to Section 19 of the Agreement:

   > Sec. 27. Periods of Limitation. No action shall be maintained under Section 26 of this Act to enforce any liability created by this Act unless brought before the expiration of 3 years after the act or transaction constituting the violation upon which it is based, the expiration of one year after the franchisee becomes aware of facts or circumstances reasonably indicating that he may have a claim for relief in respect to conduct governed by this Act, or 90 days after delivery to the franchisee of a written notice disclosing the violation, whichever shall tirst expire. No cause of action barred under existing law on the effective date of this Act shall be revived by this Act. Every cause of action under this Act survives the death of any person who might have been a plaintiff or defendant.

4. ABC and Developer acknowledge, and reference is hereby made to, Section 705/41 of the Act, which provides as follows:

   > Sec. 41. Waivers Void. Any condition, stipulation, or provision purporting to bind any person acquiring any franchisee to waive compliance with any provision of this Act or any other law of this State is void. This Section shall not prevent

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any person from entering into a scttlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

5. Each provision of this Addendum shall be effective only to the extent, with respect to each such provision, that the jurisdictlonal requirements of the Illinois Franchise Disclosure Act are met independently without reference to this Addendum.

6. Except as otherwise provided in this Addendum, all the other terms, covenants and agreements in the Agreement shall remain the same, and the Agreement, as amended, shall continue in full force and effect. To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Attachments thereto, the terms of this Addendum shall govem.

IN WITNESS WHEREOF, ABC and Developer have executed this Addendum as of the date of the Agreement.

ATTEST:

ATLANTA BREAD COMPANY INTERNATIONAL, INC.

ABC

By:_____

By:_____

ATTEST:

_____
Developer

By:_____
Print Name:_____
Title:_____

By:_____
Print Name:_____
Thle:_____

WITNESS:

By:_____
Print Name:_____

By:_____
Print Name:_____

By:_____
Print Name:_____

Developer Address:

_____
_____

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STATE OF INDIANA
ADDENDUM TO MULTI-UNIT DEVELOPMENT AGREEMENT

In recognition of the requirements of the Indiana Deceptive Franchise Practices Law, Indiana Code §§ 23-2-2.7-1 through 23-2-2.7-10, and the Indiana Franchise Disclosure Law, Indiana Code §§ 23-2-2-2.5-1 through 23-2-2-2.5-51, the parties to the attached ATLANTA BREAD COMPANY INTERNATIONAL, INC. MULTI-UNIT DEVELOPMENT AGREEMENT (the "Agreement") agree as follows:

1. If any of the provisions of the Agreement conceming termination and non-renewal, goveming law, venue, modification, covenants not to compete or any limitations period on the time in which claims may be brought are inconsistent with cither the Indiana Deceptive Franchise Practices Law or the Indiana Franchise Disclosure Law, then such laws will apply to the extent inconsistent with the terms of the Agreement.

2. No representation or acknowledgment by the Developer in the Agreement is intended to or shall act as a release, assignment, novation, waiver or estoppel to deprive the Developer of the rights and protections provided in the Indiana Franchise Disclosure Law or to relieve any person of any liability under the Indiana Deceptive Franchise Practices Law.

3. Each of the provisions of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Act are met independently without reference to this Addendum.

4. Except as otherwise provided in this Addendum, all the other terms, covenants and agreements in the Agreement shall remain the same, and the Agreement, as amended, shall continue in full force and effect. To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Attachments thereto, the terms of this Addendum shall govern.

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IN WITNESS WHEREOF, ABC and Developer have executed this Addendum as of the date of the Agreement.

ATTEST:

ATLANTA BREAD COMPANY INTERNATIONAL, INC.

ABC

By:_____

By:_____

ATTEST:

_____
Developer

By:_____
Print Name:_____
Title:_____

By:_____
Print Name:_____
Tide:_____

WITNESS:

By:_____
Print Name:_____

By:_____
Print Name:_____

By:_____
Print Name:_____

Developer Address:

_____
_____
_____

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STATE OF MARYLAND
ADDENDUM TO MULTI-UNIT DEVELOPMENT AGREEMENT

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§ 14-201 through 14-233, the parties to the attached ATLANTA BREAD COMPANY INTERNATIONAL, INC. MULTI-UNIT DEVELOPMENT AGREEMENT (the "Agreement") agree as follows:

1. Although under certain circumstances the Agreement requires Developer to submit to a court proceeding in the state where ABC's principal place of business is located, ABC agrees that litigation claims brought under the Maryland Franchise Registration and Disclosure Law may be brought in the State of Maryland.

2. Any claims arising under the Maryland Franchise Registration and Disclosure Law may be brought within three (3) years after the grant of the franchise.

3. No representation or acknowledgment by the Developer in the Agreement is intended to or shall act as a release, assignment, novation, waiver or estoppel to relieve any person of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

4. Each provision of this Agreement will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Addendum.

5. Except as otherwise provided in this Addendum, all the other terms, covenants and agreements in the Agreement shall remain the same, and the Agreement, as amended, shall continue in full force and effect. To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Attachments thereto, the terms of this Addendum shall govern.

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IN WITNESS WHEREOF, ABC and Developer have executed this Addendum as of the date of the Agreement.

ATTEST:

ATLANTA BREAD COMPANY INTERNATIONAL, INC.

ABC

By:_____

By:_____

ATTEST:

_____
Developer

By:_____
Print Name:_____
Title:_____

By:_____
Print Name:_____
Title:_____

WITNESS:

By:_____
Print Name:_____

By:_____
Print Name:_____

By:_____
Print Name:_____

Developer Address:

_____
_____
_____

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STATE OF MINNESOTA
ADDENDUM TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Addendum to the attached ATLANTA BREAD COMPANY INTERNATIONAL, INC. MULTI-UNIT DEVELOPMENT AGREEMENT (the "Agreement") is made and entered into by ABC and Developer.

1. This Addendum is made a part of the Agreement to which it is attached.

2. Section 2 of the Agreement is hereby amended by adding the following:

"With respect to franchises govemed by Minnesota law, ABC will comply with Minn. Stat. Sec. 80C.14, Subd. 4, which requires, except in certain specified cases, that a franchisee be given one hundred eighty (180) days notice for non-renewal of the franchise agreement."

3. Section 13 of the Agreement is hereby amended by adding the following:

"With respect to franchises govemed by Minnesota law, ABC will comply with Minn. Stat. Sec. 80C.14, Subd. 3, which requires, except in certain specified cases, that a franchisee be given ninety (90) days notice of termination (with sixty (60) days to cure)."

4. Section 18 of the Agreement is hereby amended by adding the following:

"Pursuant to Minn. Stat. Sec. 80C.21 and Minnesota Rule 2860.4400J, this paragraph shall not in any way abrogate or reduce any rights of the Developer as provided for in Minnesota Statutes, Chapter 80C, including, but not limited to, the right to submit matters to the jurisdiction of the courts of Minnesota."

5. No representation or acknowledgment by the Developer in the Agreement is intended to or shall act as a release, assignment, novation or waiver that would relieve any person from liability under Minnesota Statutes 80C.01 through 80C.22.

6. The Sections in the Agreement that relate to transfer and non-competition are only applicable to the extent they are not inconsistent with Minnesota law. In the event of any inconsistency, Minnesota law will control.

7. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchises Law (Minnesota Statutes, Chapter 80C, Sections 80C.01 through 80C.22) are met independently without reference to this Addendum.

8. Except as otherwise provided in this Addendum, all the other terms, covenants and agreements in the Agreement shall remain the same, and the Agreement, as amended,

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shall continue in full force and effect. To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Attachments thereto, the terms of this Addendum shall govern.

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IN WITNESS WHEREOF, ABC and Developer have executed this Addendum as of the date of the Agreement.

ATTEST:

ATLANTA BREAD COMPANY INTERNATIONAL, INC.

ABC

By:_____

By: _____

ATTEST:

_____
Developer

By:_____

Print Name: _____

Tide:_____

By:_____

Print Name:_____

Tide: _____

WITNESS:

By:_____

Print Name:_____

By:_____

Print Name: _____

Developer Address: _____

_____

_____

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STATE OF NEW YORK
ADDENDUM TO MULTI-UNIT DEVELOPMENT AGREEMENT

In recognition of the requirements of the New York General Business Law, Article 33, the parties to the attached ATLANTA BREAD COMPANY INTERNATIONAL, INC. MULTI-UNIT DEVELOPMENT AGREEMENT (the "Agreement") agree as follows:

1. Section 16 of the Agreement shall be supplemented with the following paragraph:

No assignment shall be made by ABC except to an assignee, who, in the good faith judgment of ABC, is willing and possesses the economic resources to fultill ABC's obligations under such Agreement.

2. The first sentence of Section 18 of the Agreement shati be deleted in its entirety and shall have no force or effect and the following shall be substituted in lieu thereof

This Agreement takes effect upon its acceptance and execution by ABC, and shall be interpreted and construed under the laws of the State of Georgia, which laws shall prevail in the event of any conflict of law; provided, however, that if any provision of this Agreement would not be enforceable under the laws of Georgia and if the Franchise is located outside of Georgia, and further, if such provision would be enforceable under the laws of the state in which the Franchise is located, then such provision shall be interpreted and construed under the laws of that state. The foregoing choice of law should not be considered a waiver of any right conferred upon Developer by the General Business Law of New York State, Article 33.

3. No representation or acknowledgment by the Developer in the Agreement is intended to or shall act as a release, assignment, novation, waiver or estoppel which would relieve a person from any duty or liability imposed by Article 33, Sections 680 through 695, of the General Business Law of the State of New York and the regulations issued thereunder.

4. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the New York General Business Law, Article 33, are met independently without reference to this Addendum.

5. Except as otherwise provided in this Addendum, all the other terms, covenants and agreements in the Agreement shall remain the same, and the Agreement, as amended, shall continue in full force and effect. To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Attachments thereto, the terms of this Addendum shall govern.

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IN WITNESS WHEREOF, ABC and Developer have executed this Addendum as of the date of the Agreement.

ATTEST:

ATLANTA BREAD COMPANY INTERNATIONAL, INC.

ABC

By:_____

By: _____

_____

ATTEST:

Developer

By:_____

Print Name: _____

Title:_____

By:_____

Print Name:_____

Title: _____

WITNESS:

By:_____

Print Name:_____

By:_____

Print Name: _____

Developer Address: _____

_____

_____

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STATE OF RHODE ISLAND
ADDENDUM TO MULTI-UNIT DEVELOPMENT AGREEMENT

In recognition of the requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, the parties to the attached ATLANTA BREAD COMPANY INTERNATIONAL, INC. MULTI-UNIT DEVELOPMENT AGREEMENT (the "Agreement") agree as follows:

1. § 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "a provision in a franchise agreement restricting jurisdiction or venue to a fomm outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act." To the extent that the provisions of Section 18 conflict with the Rhode Island Franchise Investment Act, such provisions are void under § 19-28.1-14.

2. Section 19-28.1-15 of the Rhode Island Franchise Investment Act provides that "a condition, stipulation or provision requiring a franchisee to waive compliance with or relieving a person of a duty of liability imposed by or a right provided by this Act or a rule or order under this Act is void. An acknowdedgement provision, disclaimer or integration clause or a provision having a similar effect in a franchise agreement does not negate or act to remove from judicial review any statement, misrepresentations or action that would violate this Act or a rule or order under this Act." If the Developer is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a mle or order under the Act, such release shall exclude claims arising under the Rhode Island Franchise Investment Act, and such acknowledgments shall be void with respect to claims under the Act.

3. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act arc met independently without reference to this Addendum.

4. Except as otherwise provided in this Addendum, all the other terms, covenants and agreements in the Agreement shall remain the same, and the Agreement, as amended, shall continue in tiull force and effect. To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Attachments thereto, the terms of this Addendum shall govern.

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IN WITNESS WHEREOF, ABC and Developer have executed this Addendum as of the date of the Agreement.

ATTEST:

ATLANTA BREAD COMPANY INTERNATIONAL, INC.

ABC

By:_____ By: _____

ATTEST:

_____
Developer

By:_____ By:_____

Print Name: _____ Print Name:_____

Tide:_____ Title: _____

WITNESS:

By:_____ By:_____

Print Name:_____ Print Name: _____

By: _____

Print Name: _____

Developer Address: _____

_____

_____

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EXHIBIT D

OPERATIONS MANUAL TABLE OF CONTENTS

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EXHIBIT E

FRANCHISEE AND BAKERY/CAFE LIST

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Atlanta Bread Company
L.O.A.F. Manual
Module Overview

No.	Module Name	Number of Pages
1.	Introduction	9
2.	Associate Orientation	19
3.	Guest Service	10
4.	Security, Safety & Food Quality	20
5.	Service Assistant & Dish	12
6.	Product Descriptions	11
7.	Shelf Life, Packaging &Plating	15
8.	Hot Sandwich	13
9.	Drinks	23
10.	Soup	10
11.	Salad	15
12.	Position One	10
13.	Position Two	11
14.	Position Three	9
15.	Expanded Menu	6
16.	Preparation	39
17.	Omelet & Extended Menu Breakfast	14
18.	Pizza	16
19.	Pasta	15
20.	Register	50
21.	Bakery	15
22.	Position Four	7
23.	Management Progression	17
24.	Shift Manager	44
25.	Facility Manager	13
26.	Hospitality Manager	51
27.	Food and Beverage	17
28.	General Manager	19
29.	Train the Trainer	59
30.	Shift Manager Development	9
31.	Pan Up	8
32.	Baking	1
33.	Catering	36
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35.	Vendors and Specs	4
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The following table contains the names of all current franchisees and the address and telephone number of each of their outlets.

Bakery Café No.	Street Address	City	State	Zip Code	Opening Date	Franchisee	Telephone	Fax
4	Tower Place, 3385 Piedmont Road	Atlanta	Georgia	30305	1995	Hannah Khoury	404-814-4332	401-816-3988
8	1155 Mount Vernon Highway, Suite 1200	Dunwoody	Georgia	30338	3/1/1996 Transferred: 6/16/08	Anthony & Kristen Ricci	770-392-1944	770-392-9958
10	1255 Johnson Ferry Road Merchants Place Shopping Center	Marietta	Georgia	30068	06/15/96	George Sylos	770-509-3838	770-509-5559
11	200 North Main Street	Greenville	South Carolina	29602	7/6/96 Transfer:08/20/03 Transfer:01/07/05	Marlon Niemand	864-232-1007	864-627-4301
20	3106 North College, Suite 1	Fayetteville	Arkansas	72763	03/12/97	Erin & Brandon Sewell	479-442-2900	440-442-3646
24	1943 Zion Road	Morrow	Georgia	30260	9/18/1997 Transfer:7/03/06 Transfer 11/7/06	Grainworks	770-472-1997	770-472-1749
25	4100 Pelham Road	Greenville	South Carolina	29615	10/11/1997 Transfer:08/20/03 Transfer:01/07/05	Marlon Neimand	864-627-4300	864-627-4301
28	2555 Prado Lane	Marietta	Georgia	30066	12/06/97	George Bylos	770-420-9225	770-420-9454
29	1531 Baytree Road	Valdosta	Georgia	31602	12/09/97	B.J. Lowenthal	229-259-9969	229-253-8499
30	5500 Abercorn Street	Savannah	Georgia	31405	12/15/97	B.J. Lowenthal	912-691-1949	912-691-1950
33	1080 S. Broadway	Lexington	Kentucky	40504	12/17/97 Transfer:11/13/02 4/1/08 Transfer 1/26/10	William (Bill) Jacobs	859-252-6366	859-253-9344
34	120 C Pavilion Parkway	Fayetteville	Georgia	30214	05/16/98 Transfer:02/01/03 Transfer:11/03/03	Howard & Jenna Aronowitz	770-719-2883	770-719-1610
39	1307 Main Street	Columbia	South Carolina	29201	06/29/98	Robin Patel, Shailesh Patel	803-779-0101	803-779-0107
42	255 A Robert Daniel Parkway	Augusta	Georgia	30909	11/03/98	Charlie Baggs	706-736-1551	706-736-2344
52	Atlanta International Airport, Atrium F-7	Atlanta	Georgia	30320	6/19/1999 Transfer:7/03/06 Transf:07/01/06		404-768-2259	404-766-7662
54	1708 Scenic Highway, Suite H	Snellville	Georgia	30078	07/13/99	George & Dino Bylos	678-344-9099	676-344-9094
55	3680 Dauphin Street	Mobile	Alabama	36608	07/14/99	Bill Turk	251-380-0444	251-380-2944
59	Mt. Pleasant Town Centre, Space B-1	Mt. Pleasant	South Carolina	29464	08/20/99	Judith & Robert Bagwell	843-216-1611	843-216-1601
69	944 Dawsonville Highway	Gainesville	Georgia	30501	1/14/2000 Transfer:01/30/04	Robert (aka/Andy) Moore	770-297-9700	770-297-9789
70	3185 Woodward Crossing Blvd., Suite 500	Buford	Georgia	30519	2/5/2000 Transfened: 4/17/08	Philip Dobbleman	678-482-5155	678-482-2155
80	3760 S. Cooper	Arlington	Texas	76015	06/03/00	Paul Easton	817-557-4455	817-557-5253

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84	2600 SE Federal Highway	Stuart	Florida	34994	06/16/00	Steve & Kathleen Stoccy	772-781-5121	772-781-5535
85	535 Cool Springs Blvd., #120	Franklin	Tennessee	37067	10/3/00 Transfer:09/07/02 Transfer:12/26/03	Michael Nwider	615-771-6464	615-771-6071
87	1117 A Woodruff Road	Greenville	South Carolina	29607	11/28/00	Brent Askeland, James Eley	864-286-8555	364-286-0370
90	3204 Pleasantburg Drive	Greenville	South Carolina	29609	01/10/01	Jeffery Massey	864-235-9400	864-235-9493
91	1067 Bloomfield Avenue	Clifton	New Jersey	07012	1/26/2001 transferred 3/29/07	Candlewood Restaurant Group - NJ, LLC	973-777-2211	973-777-4499
93	180 Woodstock Square Ave., #950	Woodstock	Georgia	30189	03/14/01	Bill Decatur, Bob Stafford	678-445-2794	673-445-2797
94	10355 NW 41st Street	Miami	Florida	33178	03/15/01	Rafael Arbelaez	305-392-5792	305-392-5795
97	401 City Circle	Peachtree City	Georgia	30269	04/23/01	Bill Decatur, Bob Stafford	770-486-1330	770-486-1303
100	551 Governor Ritchie Highway	Severna Park	Maryland	21146	5/14/2001 Transferred: 9/11/06 Transferred: 1/31/08	Jim & Jeff Sunstrom	410-315-7887	410-315-7993
101	633 Merrimon Avenue	Asheville	North Carolina	28804	05/15/01	John & Jill Fisher	828-259-3675	828-259-3675
104	5125 Jonestown Road, #155	Harrisburg	Pennsylvania	17112	07/02/01	Corky Purcell	717-671-5450	717-671-5804
106	106 Sayebrook Parkway, #1	Myrtle Beach	South Carolina	29588	8/14/2001 transferred: 3/7/07	Wilson & Ross Rankin	843-293-2253	843-293-3688
108	351 West 104th Avenue	Northglenn	Colorado	80234	9/7/2001 Transfer:06/01/05	Joe & Sheila Vessels	303-452-8222	303-452-9222
109	640 Crossville Road #100	Roswell	Georgia	30075	09/26/01	Aaron Jones	770-650-0069	770-650-0092
111	2624 A Watson Blvd.	Warner Robins	Georgia	31093	10/9/2001 Transfer: 08/17/09	Steve Erich	478-329-9111	478-329-1801
117	1504 Governor Square Blvd.	Tallahassee	Florida	32301	11/9/2001 Transfer:11/11/03	Nicholas Antal	850-656-5449	850-656-8861
118	45 Pembroke Drive, # 120	Hilton Head	South Carolina	29926	11/19/2001 Transfer: 1-1-09	Dana Cortes	843-342-2253	843-342-2249
122	3070 Ross Clark Circle	Dothan	Alabama	36303	12/17/01	Matt Howell	334-793-9895	334-793-9896
126	147 Highland Square Drive	Hendersonville	North Carolina	28792	2/11/2002 Trans: 12/01/06	Bill LaFever Barry & Doris LeFaver - Operating Partners	828-692-7553	828-692-7845
129	6275 University Drive	Huntsville	Alabama	35806	03/21/02	David Walker	256-922-2253	413-647-4659
132	6401 Manatee Avenue	Bradenton	Florida	34209	3/20/2002 Transf:04/19/04	Heinz Wiechmann	941-792-1380	941-792-1390
136	9785 West Charleston	Las Vegas	Nevada	89117	03/31/02	Nate Finnichio	702-838-2224	702-838-4225
138	TANGLEWOOD STATION 8966 University Boulevard	North Charleston	South Carolina	29406	04/09/02	Ronald Brantley	643-797-7773	843-797-7774
141	1711 Route 10	Morris Plains	New Jersey	07950	05/13/02	Franco Rizzolo	973-267-1555	973-267-8145
148	4490 B South Cobb Drive	Smyrna	Georgia	30080	06/14/02		770-438-6300	770-438-6848

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150	484 Hendersonville Road	Asheville	North Carolina	28803	09/21/02	John & Jill Fisher	828-274-2323	828-274-3331
153	1042 Cedar Bridge Avenue	Brick	New Jersey	08723	08/19/02	Neal Cohen, Jeff Petruziello	732-451-1400	732-451-9611
454	4602A West Walnut Street	Rogers	Arkansas	72756	7/29/2002 transfer	Brandon Sewell	479-936-5809	479-936-6804
156	506 Highway 17 No.	N. Myrtle Beach	South Carolina	29582	7/31/2002 Transfer:06/01/06	Wilson & Ross Rankin	843-663-1500	843-663-1501
159	4880 Peachtree Comers Circle	Norcross	Georgia	30092	09/05/02	Ronald Murray	770-662-0900	770-662-5551
163	675 Phoenix Drive	Virginia Beach	Virginia	23452	09/10/02	Glenn Gettier	757-306-4320	757-306-4322
164	650 North Casaloma Drive	Appleton	Wisconsin	54913	08/31/02	Scott Meister	920-735-1540	920-735-1655
165	45633 Dulles Eastern Place, Suite 1	Sterling	Virginia	20166	transferred: 5/1/07	Joey Yousefzadeh	703-444-4360	703-444-4825
166	1334 Main Chapel Way	Crofton	Maryland	21114	10/02/02	Jim Mitcherling	410-451-8973	410-451-9437
167	5555 Whitlesey Blvd., # 190	Columbus	Georgia	31909	10/14/02	Dino & George Bylos	706-494-1223	706-494-1390
168	3320 Lawrenceville - Suwanee Road	Suwanee	Georgia	30024	10/11/02	Aaron Jones	678-541-0320	678-541-0323
175	2010 Franklin Terrace Court	Johnson City	Tennessee	37604	08/20/03	Mark & Lee Buckner	423-282-8001	423-282-2377
177	Atlanta International Airport, Concourse C 10700 Spine Road, CF-21	Atlanta	Georgia	30320	11/11/2003 Transf:07/01/06		404-766-8345	404-669-9289
178	14262 East Cedar Avenue	Aurora	Colorado	60012	06/30/03	Robert Lawrence, Robert Rudloff	303-341-6200	303-341-6202
180	5506A Cherrywood Lane	Greenbelt	Maryland	20770	5/19/2003 Transferred: 9/11/06		301-982-3200	301-982-1173
181	908 Buford Highway	Cumming	Georgia	30040	9/8/2003 Transfer:07/01/06 Transfer:08/04/06	Howard & Jenna Aronowitz	770-888-9921	770-888-7491
183	6 Main Street	Madison	New Jersey	07940	04/16/03	Franco Rizzolo	973-822-3359	973-822-3369
185	1756 Catawba Valley Blvd.	Hickory	North Carolina	28602	04/26/03	Randy Lyons	828-325-8008	828-325-8009
189	2 NW Sheridan Road	Lawton	Oklahoma	73505	04/12/03	Tyrone Muldowney	580-581-1177	580-581-1176
191	2747 Milwaukee Road	Beloit	Wisconsin	53511	06/06/07	Sadique Isahaku	608-364-1000	608-364-1001
194		Warrenville	Illinois	60555	01/31/05	Ken Basciani, Linda Kelleher	630-393-1099	630-836-9558
202	7740 West Alameda Avenue, Unit E	Lakewood	Colorado	80226	01/22/04	Robert Lawrence, Robert Rudloff	303-991-4400	303-991-4401
207	6886 Main St	Wilmington	North Carolina	28405	04/26/04	John Bibb, Andy Chatalier	910-509-2844	910-509-2845
210	220 Main Street	White Plains	New York	10601	10/22/2004 11/2/06 transferred	Kastandinos Colitsas (Dino)	914-286-3500	914-286-3502
211	275 E. Altamonte Drive, Suite 1010	Altamonte Springs	Florida	32701	future opening	George Plakiotis		
212	1151 West Mason Street	Green Bay	Wisconsin	54313	05/11/04	Earl Hylock, Mark DePrey	920-497-4876	920-497-5633
216	108 Sunset Court	West Columbia	South Carolina	29169	12/17/2004 transferred	ABC Corp	803-791-1150	803-791-1181

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217	400 Evergreen Way, Suite 701	South Windsor	Connecticut	06047	10/29/2004 transferred 6.24.08	Candlewood Restaurant Group - CT, LLC	860-432-0588	860-432-1282
218	1114 North Main Street	Summerville	South Carolina	29483	07/26/04	Ronald Brantley	843-875-7989	843-875-5477
219	1 Route 37 West	Tom's River	New Jersey		11/13/04 Transferred: 5/1/08	The Pal's	732-240-4110	732-240-4612
224	1944 Whiskey Road, Suite 101	Aiken	South Carolina	29803	05/11/05	Charlie Baggs	803-643-8100	803-643-8005
234	2801 Midwestern Parkway Suite 300	Wichita Falls	Texas	76308	12/06/06	Benny & Barbara Land	940-689-9098	940-689-9343
235	1905 S. Neil Street	Champaign	Illinois	61820	07/12/07	Ed Dye	217-356-8040	217-355-6059
237	1408 Timberland Road	Tallahassee	Florida	32312	09/17/08	Danny Quinton - Tony Roberson	850-893-0800	850-668-6302
238	312 South Gloster Street	Tupelo	Mississippi	38801	06/27/06	Brett Hildenbrand - Kip Tigrett	662-844-8353	662-844-0669

~~Data compliod~~Date effective as ~~of~~ year~~the~~ ~~end of calendar year~~ 2010~~.~~

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The following table contains the name, address and current business telephone number, or if unknown, the last known home telephone number, of every franchisee who has had an outlet terminated, canceled, not renewed, reacquired by us our an affiliate of ours, or who has otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year. The table includes franchisees who transferred beneficial ownership of their franchises to third parties (separately under the heading "Transfers"). We do not have any franchisees who have not communicated with us within 10 weeks of the date of this Disclosure Document.

Bakery Café No.	Street Address	City	State	Zip Code	Close Date	Franchisee	Telephone	Fax
74	Tower Place, 3365 Piedmont Road	DecaturAtlanta	Georgia	30330 30305	03/29/093/12/2010	Nino RusceHannah Khoury	404-378-6600814-1302	404-378-3049816-3986
5758	4770 Poplar Avenue751 N. High Point	MemphisMadison	TennessooWisconsin	38447 53717	43/24/085/18/2010	Stephen ScheinblumScott Meister	901-761-2253603-831-4300	601-767-4872608-331-4332
5880	754 N. High Point3700 S. Cooper	Madison Arlington	WisconsinTexas	53717 76015	08/20/095/26/2010	Scott MeisterPaul Easton	608-834-4300817-557-4455	608-831-4332817-557-5253
7031	1133 East West Connector, Suite 3802000 SE Federal Highway	Austs#Stuart	Georgia Florida	30106 34994	07/15/006/11/2010	Catalina M. GiraldoStove & Kathleen Stacey	770-432-42-3772-731-5121	770-432-4779772-781-5535
43084	40855 West Park Place12897 Citrus Plaza Drive	MilwaukceTampa	WisconsinFlorida	53224 33618	08/06/094/15/2010	Scott MeisterABR Group, LLC Ghyslain Lefebvre Moe Jafari Ted Steiner	414-359-9736813-926-3606	414-359-9732813-926-3648
421S5	5613 San Jose Blvd 535 Cool Springs Blvd., #120	JaskssenvilleFranklin	FloridaTennessee	32207 37067	08/30/092010	Keith PakbazN Company Int'l, Inc. Michael Nwider	904-448-9808615-771-6464	904-148-0806615-771-6071
437103	3909 West Archer Road3830 South Moorland Road	GainesvilleNew Berlin	FloridaWisconsin	33608 53151	05/33/092010	Nicholas AntalMatera Restaurants, LLC Joe & Sal Matera	352-264-0034262-782-7100	353-338-1004252-782-7155
445112	2460 W. Evans Street, #60179 First Avenue North	FlorenceSt. Petersburg	South CarolinaFlorida	29504 33701	04/50/092010	James ConnorsMGT Restaurant Group, Inc. Ghyslain Lefebvre Moe Jafari Ted Steiner	843-667-9580727-896-3655	843-667-9520727-896-3654
455120	1850 Sam Rittenberg Blvd 10855 West Park Place	CharlestonMilwaukee	South GarolinaWisconsin	39407 53224	12/27/092010	Steve GeulsonArizona Fooas, Inc. Scott Meister	843-573-0030414-359-9720	843-573-8855414-359-9732
458142	296 South Federal Highway19181 Mack Avenue, Suite 120	Beorfield BeachDetroit	FlensaMichigan	33441 48236	07/29/0901/12/2010	Corporate Doughworx, LLC Kevin Griffin	864-428-0088313-640-8200	954-438-0099313-640-8280
496192	6407 University Parkway1536 NW Chioman Road	University ParkLee's Summit	PlendaMissouri	34304 54081	04/30/0901/3/2010	Mike SrowsellRiekhof Enterprises, LLC Paul & Robert Riekhof	844-358-5200516-554-1100	941-358-8733816-554-1165
498212	East Windsor Town Center 370 US Hwy. 130 South, Unit # 31481 West Mason Street	East WindsorGreen Bay	New JerseyWisconsin	08520 54313	06/17/002010	Kastandinos Colitsas (Dino) Ead Hylock, Mark DePrey	609-480-1600920-497-4876	609-480-1604920-497-5333

[1] This location ceased to be operated by a franchisee on April 11, 2009 and was operated by Franchisor until July 29, 2009.

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337	250 West Indiantown Road	Jupiter	Florida	33458	02/15/09	David Steinhauer	561-746-4031	561-746-4844
333	8180 West 135th Street	Overland Park	Kansas	66333	04/35/09	Paul & Robert Riekhof	913-685-1200	913-685-1245
331	7850 Poplar Avenue, Suite 3	Germantown	Tennessee	38138	01/18/09	Stephan Schonbrun, Wallace Huggins	901-389-7100 901-389-7401	901-369-7405 901-397-9506
336	650 NS 32nd Terrace	Homestead	Florida	33030	04/12/08	Andy Harbin	786-343-8889	786-243-9551

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Transfers

Bakery Café No.	Street Address	City	State	Zip Code	Franchisee	Telephone
11133	2624 A Watson Blvd 1080 S. Broadway	Warner Robins Lexington	Georgia Kentucky	310931 0504	Steve Erich William (Bill) Jacobs	478-329-8111 559-252-6366
118164	45 Pembroke Drive, # 130650 North Casaloma Drive	Hilton Head Appleton	South Carolina Wisconsin	220265 4913	Dana Gorss Atlanta Bread Company International, Inc. (Corporate)	843-342-3353 770-132-0399
158	296 South Federal Highway	Deerfield Beach	Florida	33411	Corporate	954-428-0088

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EXHIBIT F

LIST OF REGISTERED AGENTS FOR SERVICE OF PROCESS

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EXHIBIT F

REGISTERED AGENTS FOR SERVICE OF PROCESS

Alabama
The Corporation Company
1000 Industrial Drive #201
Montgomery, AL 36109

Alaska
C T Corporation System
240 Main Street, Ste 800
Juneau, AK 99801

Arizona
C T Corporation System
3225 North Central Avenue
Phoenix, AZ 85012

Arkansas
The Corporation Company
417 Spring Street
Little Rock, AR 72201

California
California Corporation s
Commissioner
320 W. 4th StreeL Suite 750
Los Angeles. CA 90013

Colorado
C T Corporation System
1675 Broadway
Denver, CO 80202

Connecticut
C T Corporate System
One Commercial Plaza
Hartford, CT 06103

Delaware
The Corporation Trust Co.
Corporate Trust Center
1209 Orange Street
Wilmington, DE 19801

District of Columbia
C T. Corporation System
1025 Vermont Ave., NW
Washington. D.C. 20005

Florida
C T Corporation System
1220 S. Pine Island Road
Plantation, FL 33324

Georgia
C T Corporation System
1201 Peachtree Street, NE
Atlanta, GA 30361

Hawaii
Director of Commerce and
Consumer Affairs
Business Registration Div.
1010 Richards Street
Honolulu, HI 96810

Idaho
C T Corporation System
300 North 6th street
Boise, ID 83701

Illinois
Illinois Attorney General
500 South Second Street
Springfield, Il 62705

Indiana
Indiana Securities Division
Franchise Section
Room 102, State House
Indianapolis, IN 46204

Iowa
C. Corporation System
2222 Grand Avenue
De Moines, IA 50312

Kansas
The Corporation Company
515 South Kansas Avenue
Topeka, KS 66603

Kentucky
C T Corporation System
Kentucky Home life Bldg.
Louisville, KY 40202

Louisiana
C T Corporation System
6550 United Plaza Blvd.
Baton Rouge, LA 70809

Maine
C T Corporation System
One Portland Square
Portland, ME 04101

Maryland
Office of Attorney General
Securities Division
200 St. Paul Place
Ballimore, MD 21202

Massachusetts
C T Corporate System
2 Olive Street
Boston, MA 02109

Michigan
The Corporation Company
30500 Telegraph Rd. Ste 3275
Bingham Farms, MI 48025

Minnesota
Commissioner of Commerce
133 East seventh Street
St. Paul, MN 55101

Mississippi
C T Corporation system
118 North Congress Street
Jackson, MS 39201

Missouri
C T Corporation System
906 Olive Street
St. Louis, MO 63101

Montana
C T Corporation system
406 Fuller Street
Helena, MT 59601

Nebraska
C T Corporation System
206 South 13th Street, Ste 1500
Lincoln, NE 68508

Nevada
The Corporation Trust
Company of Nevada
One East First Street
Reno, NV 89501

New Hampshire
C T Corporation System
9 Capitol Street
Concord, NH 03301

New Jersey
The Corporation Trust Co.
28 West State Street
Trenton, NJ 08608

New Mexico
C T Corporation System
119 East Marcy
Santa Fe, NM 67501

New York
The Secretary of State of NY
41 State Street
Albany, NY 12231

North Carolina
C T Corporation System
225 Hillsborough Street
Raleigh, NC 27603

North Dakota
C T Corporation System
314 East Thayer Avenue
Bismarck, ND 58501

Ohio
C T Corporation System
815 Superior Avenue, NE
Cleveland, OH 44114

Oklahoma
The Corporation Company
735 First National Building
Oklahoma City, OK 73102

Oregon
C T Corporation System
800 Pacific Building
Portland, OR 97204

Pennsylvania
Commercial Registered Office
(CROP) Designation
c/o C T Corporation System

Rhode Island
Director
Department of Business Regulation
State of Rhode Island
1511 Pontiac Avenue
John O. Pastore Complex -- Building 69-1
Cranston, RI 02920

South Carolina
C T Corporation System
75 Beattie Place
Two Insignia Financial Plaza
Greenville, SC 29601

South Dakota
Director of Division of Secretary of State
Dept. of Commerce. and Consumer. Affairs
State Capitol
Pierre, SD 57501

Tennessee
C T Corporation System
530 Gay Street
Knoxville, TN 37902

Texas
C T Corporation System
350 N. St. Paul Street
Dallas, TX 75201

Utah
C T Corporation System
50 West Broadway
Salt Lake City, UT 64101

Vermont
C T Corporation System
192 College Street
Burlington, VT 05401

Virginia
Clerk of the State Corporation Comm.
State Corporation Commission
1300 E. Main Street. 9th Floor
Richmond, VA 23219

Washington
Securities Division
P.O. Box 648
Olympia, WA 98504

West Virginia
C T Corporation System
1200 Charleston National Plaza
Charleston, WV 25301

Wisconsin
Commissioner of Securities
State of Wisconsin
Box 1768-345 W. Washington Ave, 4th FL
Madison, WI 53703

Wyoming
C T Corporation System
1720 Carey Avenue
Cheyenne, WY 82001

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EXHIBIT G

List of State Administrators

Listed below are the names, addresses, and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states.

CALIFORNIA
Department of Corporations
320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344
(213) 576-7500

HAWAII
Commissioner of Securities
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

ILLINOIS
Illinois Attorney General
500 South Second Street
Springfield, IL 62706
(217) 782-4465

INDIANA
Indiana Secretary of State
Indiana Securities Division
302 West Washington Street, Room E-111
Indianapolis, IN 46204
(317) 232-6681

MARYLAND
Office of the Attorney General
Securities Division
200 St. Paul Place, 20th Floor
Baltimore, MD 21202-2020
(410) 576-6360

MICHIGAN
Department of the Attorney General
Consumer Protection Division
G. Mennen Williams Building, 7th Floor
525 W. Ottawa St.
Lansing, MI 48909

NORTH DAKOTA
Franchise Examiner
Office of Securities Commissioner
State Capitol, 5th Floor
600 East Boulevard
Bismarck, ND 58505-0510
(701) 328-2910

OREGON
Department of Consumer and Business Services
Division of Finance and Corporate Securities
Labor & Industries Building
350 Winter St. NE, Room 410
Salem, Oregon 97301-3881
(503) 378-4140

RHODE ISLAND
Department of Business Regulation
Division of Securities
Franchising Section
1511 Pontiac Avenue
John O. Pastore Complex-Building 69-1
Cranston, RI 02920
(401) 222-3048

SOUTH DAKOTA
Franchise Administrator
Division of Securities
445 East Capital Avenue
Pierre, SD 57501-3185
(605) 773-4823

VIRGINIA
State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, VA 23219
(804) 371-9051

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MINNESOTA
Minnesota Department of Commerce
85 7th Place East, Suite 500
St. Paul, MN 55101-2198
(651) 296-4973

NEW YORK
New York State Department of Law
Office of the Attorney General
Investor Protection and Securities Bureau
120 Broadway
New York, NY 10271-0332
(212) 416-8260

WASHINGTON
Department of Financial Institutions
Securities Division
150 Israel Road S.W.
Tumwater, WA 98501
or
P.O. Box 412000
Oiympia, WA 98504-1200
(360) 902-8760

WISCONSIN
Department of Financial Institutions
Division of Securities
345 West Washington Avenue, 4th Floor
Madison, WI 53703
(608) 266-1064

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Exhibit H

State Addenda to the Disclosure Document

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STATE OF MARYLAND
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

Item 17 of the Franchise Disclosure Document is modified as follows:

The general release required as a condition of renewal, sale and/or assignment or transfer shall not apply to any liability arising under the Maryland Franchise Registration and Disclosure Law.

You may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law may be brought within 3 years after the grant of your franchise.

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Exhibit I

Form of General Release (Maryland)

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(This is a sample and the exact terms may be different)

GENERAL RELEASE

For and in consideration of the latest signed Franchise Agreement between _____ ("Franchisee") and Atlanta Bread Company International, Inc. ("Franchisor"), the undersigned, jointly and severally, and each of their respective heirs, dependents, executors, officers, directors, members, owners, employees, administrators, successors, assigns, agents, representatives, predecessor-, successor-, affiliated-, subsidiary-, and parent-corporations or entities, as the case may be (the "Releasing Parties"), unconditionally and without reservation, hereby release, acquit, and forever discharge Franchisor and each of its past, present, and future parents, subsidiaries, affiliates, and successors in interest, and each of their respective managers, members, shareholders, directors, officers, agents, servants, employees and all other persons acting by, through, under or in concert with any of them and whether specifically mentioned herein or not (the "Released Parties"), from any and all manner of claims, eountcrclaims, cross-claims, actions, causes of action, rights, disputes, controversies, judgments, debts, agreements, contracts, performance bonds, payment bonds, demands, obligations, duties, suits, expenses, assessments, penalties, charges, injuries, losses, costs (including, without limitation, attorneys' fees and costs incurred), damages (including, without limitation, compensatory, consequential, statutory, or punitive damages), sanctions, and liabilities of every kind, character and manner whatsoever, in law or in equity, administrative or judicial, contract, tort, statute or otherwise (collectively, "Claims"), which the Releasing Parties ever had, now have, or ever may have in the future against the Released Parties, whether now known or unknown, accrued or unaccrued, asserted or unasserted, anticipated or unanticipated, for, upon, or by reason of any matter, cause or thing whatsoever from the beginning of the World to the date of this Release. This Release is not intended as a waiver of those rights of the undersigned which cannot be waived under applicable state franchise laws nor is it intended to release any Released Party from any liability imposed by the Maryland Registration and Disclosure Law. This Release shall be govemed and construed in accordance with in accordance with the laws of the State of Georgia without regard to its conflict of law provisions.

The undersigned acknowledges there is a risk that, after the date hereof, the undersigned will discover, incur, or suffer Claims which are unknown or unanticipated at the time of execution of this Release that which, if known by the undersigned on the date hereof, may have materially affected the undersigned's decision to execute this Release. Nevertheless, the undersigned agrees that the undersigned intends to assume, and is assuming, the risk of such unknown or unanticipated Claims, and that the Releasing Parties' release of the Released Parties set forth in this Release shall apply to any and all such Claims. Neither the undersigned nor any other Releasing Party has assigned, transferred or purported to assign or transfer to any other person or entity any of the Claims or any portion thereof or interest therein and agrees to indemnify, defend and hold the Released Parties harmless from and against any and all Claims based on or arising out of any such assignment or transfer or purported assignment or transfer.

Each of the undersigned represents and warrants that they intend to be legally bound by this Release, that the execution of this Release is free and voluntary, that no inducements, threats, presentations, or influences of any kind were made or exerted by or on behalf of

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Franchisor, and that, prior to the execution hereof, the undersigned was given the opportunity, if desired, to consult with counsel. This Release shall be binding upon the undersigned and the other Releasing Parties and their respective heirs, executors, administrators, legal representatives, successors and assigns.

It is the express intention of the undersigned and Franchisor that this Release be as broad as permitted by law.

IN WITNESS WHEREOF, the undersigned have duly executed and delivered this Release as of this _____ day of _____, 20__.

WITNESS:

By:_____ _____

By:_____
Print:_____
Its:_____

By:_____ By: _____
Print: _____
Individually

By:_____ By: _____
Print: _____
Individually

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EXHIBIT I

FRANCHISE DRIVE 2011 AMENDMENT

This Amendment amends and modifies certain provisions of the Franchise Agreement ("Agreement") between Atlanta Bread Company International, Inc. ("Franchisor") and _____ ("Franchisee") dated _____, 2011.

1. Section 2.1 of the Agreement is amended by adding ihe following as a new Subsection 2.1(a):

a. If the Franchisee's Bakery Café Opening Date occurs on or before June 30, 2012, then the Initial Franchise Fee shall be refunded by Franchisor to Franchisee in the form of a credit against Royalty Fees that would otherwise be owed under Section 2.2 of the Agreement.

2. Section 2.2 of the Agreement is amended by adding the following as a new Subsection 2.2(a):

a. If Franchisee's Bakery Café Opening Date occurs on or before June 30, 2012, then Franchisee shall be entitled to take a credit, in the amount of the Initial Franchise Fee paid under Section 2.1, that will be applied as an offset against Royalty Fees that would otherwise be owed under Section 2.2 of the Agreement. The credit will be applied on a weekly basis against Royalty Fees that would otherwise be owed until the credit amount is used up, at which time Franchisee shall commence paying a continuing weekly Royalty Fee in the amount of five percent (5%) of Franchisee's weekly Gross Sales for the seven (7) day period ending at the close of business each Saturday. The credit will be applied only against Royalty Fees, and not against Advertising Fees.

3. Section 2.10. The following is added to the Agreement as a new Section 2.10:

2.10 Bake One Credit and Franchisor Equipment Subsidy

Franchisor shall provide to Franchisee a one-time S5,000 credit on the purchase price of baked goods sold to Franchisee through Franchisor's approved distributor, which credit will be provided on the distributor's first invoiee(s) to Franchisee. Franchisor shall also provide to Franchisee a one-time equipment subsidy of S20,000 for store equipment obtained by Franchisee through specified approved vendors, to be provided in the form of credits given by the approved vendors on particular equipment or payment made by Franchisor within ten (10) days after the Bakery/Café Opening Date, or a combination of vendor credits and Franchisor payment.

4. Section 2.11. The following is added to the Agreement as a new Section 2.11:

2.11 Timely Opening of Bakery-Café. If Franchisee has not opened its Bakery/Café on or before the last day of the Pre-Opening Period [or by June 20, 2012?], then the provisions

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of this Amendment shall not apply and the original text of the Franchise Agreement shall apply as if there was no such Amendment.

5. Except as otherwise provided in this Amendment, all the other terms, covenants and agreements in the Agreement shall remain the same and the Agreement, as amended, shall continue in full force and effect. To the extent this Amendment is inconsistent with any terms or conditions of the Agreement or the Attachments thereto, the terms of this Amendment shall govern.

IN WITNESS WHEREOF, Franchisor and Franchisee have executed this Amendment as of the date of the Agreement.

ATLANTA BREAD COMPANY INTERNATIONAL, INC. Franchisor	Franchisee
By: _____ Print Name: _____ Title: _____	By: _____ Print Name: _____ Title: _____

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Receipt

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Atlanta Bread Company International, Inc. offers you a franchise, it must provide this Disclosure Document to you fourteen (14) calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Maryland, New York and Rhode Island require that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Atlanta Bread Company International, Inc. does not deliver this Disclosure Document on time, or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency listed in Exhibit G.

Atlanta Bread Company International, Inc. authorizes the agents listed in Exhibit F to receive service of process for it.

The name, principal business address and telephone number of each franchise seller offering the franchise:

Basil Couvaras
1200 Wilson Way
Suite 100
Smyma, Georgia 30082
(770) 432-0933

_____
_____
_____
_____
_____

Issuance date: ~~November 1, 2010~~April 20, 2011 *(See* State Registrations page for state registration effective dates)

I received a Franchise Disclosure Document with above issuance date that included the following Exhibits:

Exhibit A	Financial Statements
Exhibit B	Franchise Agreement
Exhibit C	Multi-Unit Development Agreement
Exhibit D	Operations Manual Table of Contents
Exhibit E	Franchisee and Bakery/Cafe List
Exhibit F	List of Registered Agents for Scrvice of Process
Exhibit G	List of State Administrators
Exhibit H	State Addenda to the Disclosure Document

_____ _____
Name of Prospective Franchisee Date Received

_____

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Maryland, New York and Rhode Island require that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Atlanta Bread Company International, Inc. does not deliver this Disclosure Document on time, or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency listed in Exhibit G.

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1200 Wilson Way
Suite 100
Smyma, Georgia 30082
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Exhibit E	Franchisee and Bakery/Cafe List
Exhibit F	List of Registered Agents for Scrvice of Process
Exhibit G	List of State Administrators
Exhibit H	State Addenda to the Disclosure Document

_____ _____

Name of Prospective Franchisee Date Received

_____

Signature of Prospective Franchisee

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